

105TH CONGRESS  
1ST SESSION

# S. 1020

To amend the National Foundation on the Arts and Humanities Act of 1965 and the Art and Artifacts Indemnity Act to improve and extend the Acts, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JULY 15, 1997

Mr. JEFFORDS (for himself, Mr. KENNEDY, and Mr. CHAFEE) introduced the following bill; which was read twice and referred to the Committee on Labor and Human Resources

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## A BILL

To amend the National Foundation on the Arts and Humanities Act of 1965 and the Art and Artifacts Indemnity Act to improve and extend the Acts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Arts and Humanities  
5 Amendments of 1997”.

1 **TITLE I—NATIONAL FOUNDA-**  
 2 **TION ON THE ARTS AND THE**  
 3 **HUMANITIES ACT OF 1965**

4 **SEC. 101. NATIONAL FOUNDATION ON THE ARTS AND THE**  
 5 **HUMANITIES.**

6 The National Foundation on the Arts and the Hu-  
 7 manities Act of 1965 (20 U.S.C. 951 et seq.) is amended  
 8 to read as follows:

9 **“SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

10 “(a) **SHORT TITLE.**—This Act may be cited as the  
 11 ‘National Foundation on the Arts and the Humanities Act  
 12 of 1965’.

13 “(b) **TABLE OF CONTENTS.**—The table of contents  
 14 is as follows:

“Sec. 1. Short title; table of contents.

“Sec. 2. Purposes.

“Sec. 3. Definitions.

“TITLE I—NATIONAL FOUNDATION ON THE ARTS AND THE  
 HUMANITIES

“Sec. 101. Establishment of the National Foundation on the Arts and the  
 Humanities.

“Sec. 102. General limitations on grants.

“Sec. 103. Joint administration.

“Sec. 104. Study on a true endowment.

“Sec. 105. Donations, bequests, and devises.

“Sec. 106. Authorization of appropriations.

“TITLE II—NATIONAL ENDOWMENT FOR THE ARTS

“Sec. 201. Definitions.

“Sec. 202. Establishment of the National Endowment for the Arts.

“Sec. 203. Application procedures.

“Sec. 204. Advisory panels.

“Sec. 205. National Council on the Arts.

“Sec. 206. Limitations on grants.

“Sec. 207. Administrative provisions.

“Sec. 208. Reports.

“Sec. 209. Sanctions and payments.

“Sec. 210. National Medal of Arts Awards.

“TITLE III—NATIONAL ENDOWMENT FOR THE HUMANITIES

“Sec. 301. Definitions.

“Sec. 302. Establishment of the National Endowment for the Humanities.

“Sec. 303. Application procedures.

“Sec. 304. Review panels.

“Sec. 305. National Council on the Humanities.

“Sec. 306. Limitations on grants.

“Sec. 307. Administrative provisions.

“Sec. 308. Reports.

“Sec. 309. Sanctions and payments.

“Sec. 310. Awards.

1   **“SEC. 2. PURPOSES.**

2       “The purposes of this Act are—

3           “(1)(A) to ensure that the arts and the human-  
4       ities belong to all the people of the United States;  
5       and

6           “(B) to support the arts and the humanities,  
7       which are essential to social, cultural, and economic  
8       progress;

9           “(2) to encourage and support national  
10      progress and scholarship in the arts and the human-  
11      ities, because such encouragement and support,  
12      while primarily matters for private and local initia-  
13      tive, are also appropriate matters of concern for the  
14      Federal Government;

15          “(3) to ensure that the United States, as an ad-  
16      vanced civilization, does not limit its efforts to  
17      science and technology alone but gives full value and  
18      support to the other great branches of scholarly and

1 cultural activity in order to achieve a better under-  
2 standing of the past, a better analysis of the  
3 present, and a better view of the future;

4 “(4) to further the advancement of the arts and  
5 the humanities and the access of all citizens of the  
6 United States to the arts and the humanities, in  
7 partnership with local, State, regional, and private  
8 agencies, organizations, and individuals;

9 “(5) in furthering the advancement and access  
10 described in paragraph (4), to be sensitive to the na-  
11 ture of public support and the need to use public  
12 funding in a manner that recognizes the responsibil-  
13 ity of the Federal Government to the public good;

14 “(6) to ensure that public funds provided by the  
15 Federal Government ultimately serve the public pur-  
16 poses the Congress defines and are subject to the  
17 conditions that traditionally govern the use of public  
18 money;

19 “(7) to ensure that—

20 “(A) Federal support of the arts and the  
21 humanities reflects the high place accorded by  
22 the people of the United States to the Nation’s  
23 rich cultural heritage; and

1 “(B) public funding of the arts and the hu-  
2 manities contributes to public support for and  
3 confidence in the use of taxpayer funds;

4 “(8)(A) to support the practice of art and the  
5 study of the humanities, which require constant  
6 dedication and devotion; and

7 “(B) while recognizing that no government can  
8 create a great artist or scholar, to help create and  
9 sustain not only a climate encouraging freedom of  
10 thought, imagination, and inquiry, but also the ma-  
11 terial conditions facilitating the release of creative  
12 talent; and

13 “(9)(A) to ensure that United States students  
14 receive in school, background and preparation in the  
15 arts and the humanities to enable the students to  
16 recognize and appreciate the aesthetic dimensions of  
17 their lives, the cultural heritage of the United  
18 States, and the full potential of artistic and scholarly  
19 expression; and

20 “(B) to increase access to the arts and the hu-  
21 manities for all persons in the United States by—

22 “(i) encouraging and developing quality  
23 education in the arts and the humanities at all  
24 levels, in conjunction with programs of lifelong  
25 learning in the arts and the humanities for all

1 age groups and with formal systems of elemen-  
 2 tary, secondary, and postsecondary education;  
 3 and

4 “(ii) encouraging and facilitating the work  
 5 of scholars, artists, arts institutions, and Fed-  
 6 eral, State, regional, and local agencies in the  
 7 area of education in the arts and the human-  
 8 ities.

9 **“SEC. 3. DEFINITIONS.**

10 “In this Act:

11 “(1) ARTS.—The term ‘arts’ includes—

12 “(A) dance, design, literature, media arts,  
 13 music, theater, and visual arts;

14 “(B) folk and traditional arts practiced by  
 15 the diverse peoples of the United States; and

16 “(C) the presentation, performance, execu-  
 17 tion, exhibition, preservation, and study of the  
 18 arts described in subparagraph (A) or (B), in-  
 19 cluding the study of the arts through appren-  
 20 ticeships, internships, and other career oriented  
 21 work-study experiences for artists and art  
 22 teachers, and residencies for artists at all edu-  
 23 cational levels.

24 “(2) CULTURAL HERITAGE.—The term ‘cultural  
 25 heritage’ means the living legacy of creations, skills,

1 and knowledge handed down from prior genera-  
 2 tions—

3 “(A) that embraces the traditional arts  
 4 and ideas that are developed informally and  
 5 that reflect the heritage, tradition, and history  
 6 of American communities over the centuries;  
 7 and

8 “(B) that continues to evolve as new  
 9 groups contribute to the American experience.

10 “(3) GRANT.—The term ‘grant’ includes a loan,  
 11 a contract, and a cooperative agreement.

12 “(4) GROUP.—The term ‘group’ includes any  
 13 State or local arts agency, regional group, and any  
 14 nonprofit organization or institution in the United  
 15 States, whether or not incorporated.

16 “(5) HUMANITIES.—The term ‘humanities’ in-  
 17 cludes—

18 “(A) the study and interpretation of—

19 “(i) language, both modern and classi-  
 20 cal, linguistics, literature, history, jurispru-  
 21 dence, philosophy, archaeology, compara-  
 22 tive religion, and ethics;

23 “(ii) the history, criticism, and theory  
 24 of the arts;

25 “(iii) folklore and folklife; and

1 “(iv) the aspects of the social sciences  
2 that have humanistic content and employ  
3 humanistic methods; and

4 “(B) the study and application of the hu-  
5 manities described in subparagraph (A) to the  
6 human environment with particular attention  
7 to—

8 “(i) reflecting the heritage, traditions,  
9 and history of the United States; and

10 “(ii) the relevance of the humanities  
11 described in subparagraph (A) to the con-  
12 ditions of national life.

13 “(6) PROGRAM INCOME.—

14 “(A) IN GENERAL.—The term ‘program  
15 income’ means any money that is earned or re-  
16 ceived, by a recipient of a grant made under  
17 title II or III, from an activity supported by the  
18 funds made available through the grant or from  
19 a product resulting from or related to an activ-  
20 ity carried out under the grant.

21 “(B) TYPES OF INCOME.—The term in-  
22 cludes—

23 “(i) income from a fee for service per-  
24 formed, or from the sale of an item cre-  
25 ated, under the grant;



1 “(ii) income from a licensing fee on a  
 2 product related to an activity carried out  
 3 under the grant;

4 “(iii) a usage or rental fee for equip-  
 5 ment or property acquired under the grant;

6 “(iv) an admission fee for an activity  
 7 carried out under the grant;

8 “(v) income from a broadcast or dis-  
 9 tribution right for such an activity; and

10 “(vi) a royalty on a patent or copy-  
 11 right for such an activity.

12 “(7) REGIONAL GROUP.—The term ‘regional  
 13 group’ means any multistate group, whether or not  
 14 representative of contiguous States.

15 “(8) STATE.—The term ‘State’ includes, in ad-  
 16 dition to the several States of the United States, the  
 17 Commonwealth of Puerto Rico, the District of Co-  
 18 lumbia, Guam, American Samoa, the Commonwealth  
 19 of the Northern Mariana Islands, and the United  
 20 States Virgin Islands.

21 “(9) UNDERSERVED COMMUNITIES.—The term  
 22 ‘underserved communities’ means those communities  
 23 that have historically been outside the purview of  
 24 arts and humanities programs.

1 **“TITLE I—NATIONAL FOUNDA-**  
2 **TION ON THE ARTS AND THE**  
3 **HUMANITIES**

4 **“SEC. 101. ESTABLISHMENT OF THE NATIONAL FOUNDA-**  
5 **TION ON THE ARTS AND THE HUMANITIES.**

6 “(a) ESTABLISHMENT.—There is established a Na-  
7 tional Foundation on the Arts and the Humanities (re-  
8 ferred to in this Act as the ‘Foundation’), which shall be  
9 composed of a National Endowment for the Arts, a Na-  
10 tional Endowment for the Humanities (each of which may  
11 be referred to in this title as an ‘Endowment’), and an  
12 Institute of Museum and Library Services.

13 “(b) PURPOSE.—The purpose of the Foundation  
14 shall be to develop and promote a national policy of sup-  
15 port for the arts and the humanities in the United States.

16 “(c) LIMITATION.—In the administration of this Act  
17 no department, agency, officer, or employee of the United  
18 States shall exercise any direction, supervision, or control  
19 over the policy determination, personnel, curriculum, ad-  
20 ministration, or operation, of any school or other non-Fed-  
21 eral agency, institution, organization, or association.

22 **“SEC. 102. GENERAL LIMITATIONS ON GRANTS.**

23 “None of the grants awarded under this Act shall be  
24 used for the purposes of lobbying or for providing general  
25 membership services for groups.

1   **“SEC. 103. JOINT ADMINISTRATION.**

2           “(a) INSPECTOR GENERAL.—There shall be in the  
3 Foundation a single Office of the Inspector General for  
4 the National Endowment for the Arts and the National  
5 Endowment for the Humanities. The Office shall be head-  
6 ed by 1 Inspector General appointed in accordance with  
7 the Inspector General Act of 1978 (5 U.S.C. App.). The  
8 Inspector General shall carry out the duties prescribed in  
9 such Act, including conducting appropriate reviews to en-  
10 sure that recipients of grants under titles II and III com-  
11 ply with the applicable regulations and procedures estab-  
12 lished under this Act, including regulations relating to ac-  
13 counting and financial matters.

14           “(b) REPORTING.—The Inspector General for the  
15 National Endowment for the Arts and the National En-  
16 dowment for the Humanities shall report—

17                   “(1) to the Chairperson of the National Endow-  
18 ment for the Arts with respect to matters relating  
19 to the National Endowment for the Arts; and

20                   “(2) to the Chairperson of the National Endow-  
21 ment for the Humanities with respect to matters re-  
22 lating to the National Endowment for the Human-  
23 ities.

24           “(c) OTHER FUNCTIONS.—The Chairperson of the  
25 National Endowment for the Arts and Chairperson of the  
26 National Endowment for the Humanities shall ensure non-

1 duplication of administrative functions, such as provision  
2 of facilities and space, records management, contracting,  
3 procurement, printing, and provision of mail and library  
4 services. The Chairpersons shall enter into an interagency  
5 agreement to jointly carry out the functions with the mini-  
6 mum necessary expense.

7 “(d) REPORT.—Not later than 60 days after the date  
8 of enactment of the Arts and Humanities Amendments of  
9 1997, the Chairperson of the National Endowment for the  
10 Arts and the Chairperson of the National Endowment for  
11 the Humanities shall jointly prepare and submit to the  
12 appropriate committees of Congress a report containing  
13 a plan that describes the manner in which the Chair-  
14 persons will jointly carry out the functions described in  
15 subsection (c). Not later than 180 days after such date  
16 of enactment, the Chairpersons shall implement the plan.

17 **“SEC. 104. STUDY ON A TRUE ENDOWMENT.**

18 “(a) IN GENERAL.—The Chairperson of the National  
19 Endowment for the Arts and the Chairperson of the Na-  
20 tional Endowment for the Humanities, in consultation  
21 with persons with expertise in the arts, humanities, busi-  
22 ness, charitable giving, and copyright industries, and other  
23 appropriate Federal agencies, shall jointly conduct, or con-  
24 tract for, a study on the feasibility of establishing a true  
25 endowment for the National Endowment for the Arts and

1 the National Endowment for the Humanities in order to  
2 provide supplemental funding to support the efforts of the  
3 National Endowment for the Arts and the National En-  
4 dowment for the Humanities, respectively.

5 “(b) SCOPE OF STUDY.—The study described in sub-  
6 section (a) shall examine innovative methods through  
7 which a true endowment may be funded, including such  
8 methods as private fundraising, an extension of a copy-  
9 right term, recapture of funds from past grants of the Na-  
10 tional Endowment for the Arts and the National Endow-  
11 ment for the Humanities that have proven profitable, or  
12 any other innovative methods the Chairpersons determine  
13 appropriate.

14 “(c) REPORT.—Not later than 1 year after the date  
15 on which funding is made available under this Act to con-  
16 duct the study described in subsection (a), the Chair-  
17 person of the National Endowment for the Arts and the  
18 Chairperson of the National Endowment for the Human-  
19 ities shall jointly prepare and submit to the appropriate  
20 committees of Congress a report containing recommenda-  
21 tions on the innovative methods through which the true  
22 endowment may be funded to support efforts described in  
23 subsection (a).

1 **“SEC. 105. DONATIONS, BEQUESTS, AND DEVISES.**

2 “(a) DONATIONS, BEQUESTS, AND DEVISES TO THE  
3 FOUNDATION WITHOUT DESIGNATION.—

4 “(1) IN GENERAL.—In any case in which any  
5 money or other property is donated, bequeathed, or  
6 devised to the Foundation without designation of the  
7 Endowment for the benefit of which the money or  
8 property is intended, each Chairperson of an Endow-  
9 ment shall have authority to receive such money or  
10 property.

11 “(2) UNRESTRICTED DONATIONS, BEQUESTS,  
12 AND DEVISES.—Except as provided in paragraph  
13 (3), unless the Chairpersons of the Endowments  
14 agree otherwise, the money or property described in  
15 paragraph (1) shall be deemed to have been donated,  
16 bequeathed, or devised in equal shares to each En-  
17 dowment.

18 “(3) RESTRICTED DONATIONS, BEQUESTS, AND  
19 DEVISES.—In any case in which any money or prop-  
20 erty is donated, bequeathed, or devised to the Foun-  
21 dation with a condition or restriction, such money or  
22 property shall be deemed to have been donated, be-  
23 queathed, or devised to the Endowment whose func-  
24 tion it is to carry out the purposes of the condition  
25 or restriction.

1       “(b) DONATIONS, BEQUESTS, AND DEVISES TO THE  
2 ENDOWMENTS.—

3               “(1) CHAIRPERSON OF THE NATIONAL ENDOW-  
4 MENTS FOR THE ARTS.—

5               “(A) IN GENERAL.—The Chairperson of  
6 the National Endowment for the Arts (referred  
7 to in this paragraph as the ‘Chairperson’), in  
8 carrying the functions of the Chairperson, shall  
9 have authority—

10               “(i) to solicit, accept, receive, invest,  
11 and use money and other property do-  
12 nated, bequeathed, or devised to the En-  
13 dowment, either absolutely or in trust, with  
14 or without a condition or restriction, in-  
15 cluding a condition that the Chairperson  
16 use other funds of the Endowment for the  
17 purposes of the donation, bequest, or de-  
18 vise; and

19               “(ii) to sell or otherwise dispose of  
20 such property,  
21 to carry out the activities of the Endowment  
22 under title II.

23               “(B) PROCEEDS.—

24               “(i) RECEIPT OF PROCEEDS.—Any  
25 proceeds from a donation, bequest, or de-

1           vise under subparagraph (A) shall be paid  
 2           by the donor or the representative of the  
 3           donor to the Chairperson. Any proceeds  
 4           from any sale or disposition of property  
 5           under subparagraph (A) shall be retained  
 6           by the Chairperson.

7           “(ii) INVESTMENT OF PROCEEDS.—  
 8           The Chairperson shall invest the proceeds  
 9           described in clause (i) that are not re-  
 10          quired to carry out subsection (c) and sec-  
 11          tion 210. Such investments shall be made  
 12          only in interest-bearing accounts to the  
 13          credit of the National Endowment for the  
 14          Arts, of which only 50 percent of the accu-  
 15          mulated interest may be used for the pur-  
 16          poses of carrying out the activities of the  
 17          Endowment under title II.

18          “(C) Notwithstanding subparagraphs (A)  
 19          and (B)(ii), any money and other property do-  
 20          nated, bequeathed, or devised under subpara-  
 21          graph (A)(i) with a condition or restriction shall  
 22          be used, expended, or invested subject to such  
 23          condition or restriction.

24          “(2) CHAIRPERSON OF THE NATIONAL ENDOW-  
 25          MENTS FOR THE HUMANITIES.—



1           “(A) IN GENERAL.—The Chairperson of  
 2           the National Endowment for the Humanities  
 3           (referred to in this paragraph as the ‘Chair-  
 4           person’), in carrying the functions of the Chair-  
 5           person, shall have authority—

6                   “(i) to solicit, accept, receive, invest,  
 7                   and use money and other property do-  
 8                   nated, bequeathed, or devised to the En-  
 9                   dowment, either absolutely or in trust, with  
 10                  or without a condition or restriction, in-  
 11                  cluding a condition that the Chairperson  
 12                  use other funds of the Endowment for the  
 13                  purposes of the donation, bequest, or de-  
 14                  vise; and

15                  “(ii) to sell or otherwise dispose of  
 16                  such property,  
 17           for purposes of carrying out the activities of the  
 18           Endowment under title III.

19           “(B) PROCEEDS.—

20                   “(i) RECEIPT OF PROCEEDS.—Any  
 21                   proceeds from a donation, bequest, or de-  
 22                   vise under subparagraph (A) shall be paid  
 23                   by the donor or the representative of the  
 24                   donor to the Chairperson. Any proceeds  
 25                   from any sale or disposition of property

1 under subparagraph (A) shall be retained  
2 by the Chairperson.

3 “(ii) INVESTMENT OF PROCEEDS.—

4 The Chairperson shall invest the proceeds  
5 described in clause (i) that are not re-  
6 quired to carry out subsection (c) and sec-  
7 tion 310(a). Such investments shall be  
8 made only in interest-bearing accounts to  
9 the credit of the National Endowment for  
10 the Humanities, of which only 50 percent  
11 of the accumulated interest may be used  
12 for the purposes of carrying out the activi-  
13 ties of the Endowment under title III.

14 “(C) Notwithstanding subparagraphs (A)  
15 and (B)(ii), any money and other property do-  
16 nated, bequeathed, or devised under subpara-  
17 graph (A)(i) with a condition or restriction shall  
18 be used, expended, or invested subject to such  
19 condition or restriction.

20 “(c) USE OF DONATIONS, BEQUESTS, AND DEVISES  
21 FOR CERTAIN ADMINISTRATIVE EXPENSES.—

22 “(1) IN GENERAL.—The Chairperson of the  
23 National Endowment for the Arts and the Chair-  
24 person of the National Endowment for the Human-

ities shall each use from the amounts received under subsection (b)—

“(A) not more than \$100,000 for fiscal year 1998 for official reception and representation expenses; and

“(B) not more than \$50,000 for each subsequent fiscal year for such expenses.

“(2) EXCEPTION.—The requirement of paragraph (1) shall not apply to expenses associated with the award established under section 310(a).

“(d) TAX LAWS.—For the purposes of the income tax, gift tax, and estate tax laws of the United States, any money or other property donated, bequeathed, or devised to the Foundation or one of the Endowments and received by the Chairperson of an Endowment pursuant to this section shall be deemed to have been donated, bequeathed, or devised to or for the use of the United States.

**“SEC. 106. AUTHORIZATION OF APPROPRIATIONS.**

“(a) NATIONAL ENDOWMENT FOR THE ARTS.—

“(1) IN GENERAL.—

“(A) TOTAL AUTHORIZATION.—There are authorized to be appropriated to carry out the activities of the National Endowment for the Arts under this Act \$175,000,000 for fiscal

1 year 1998, and such sums as are necessary for  
2 the fiscal years 1999 through 2002.

3 “(B) RESERVATION FOR ADMINISTRA-  
4 TION.—Of the amount appropriated for a fiscal  
5 year under subparagraph (A), there shall be re-  
6 served amounts sufficient to carry out sub-  
7 section (c)(1).

8 “(C) SPECIAL RESERVATION FOR ARTS  
9 EDUCATION AND UNDERSERVED COMMUNITIES  
10 GRANTS.—In a fiscal year in which the aggre-  
11 gate amount appropriated under subparagraph  
12 (A) exceeds \$99,494,000, the amount that ex-  
13 ceeds such aggregate amount shall be reserved  
14 for making grants under section 202(f) to carry  
15 out activities described in subsection (f)(2)(B)  
16 of such section.

17 “(D) RESERVATION FOR PARTNERSHIP  
18 GRANTS.—40 percent of the amount appro-  
19 priated for a fiscal year under subparagraph  
20 (A) and remaining after amounts are reserved  
21 under subparagraphs (B) and (C) shall be re-  
22 served for making grants under section 202(c).

23 “(E) RESERVATION FOR NATIONAL SIG-  
24 NIFICANCE GRANTS.—40 percent of the amount  
25 appropriated for a fiscal year under subpara-

graph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(d).

“(F) RESERVATION FOR DIRECT GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(e).

“(G) RESERVATION FOR ARTS EDUCATION AND UNDERSERVED COMMUNITIES GRANTS.—10 percent of the amount appropriated for a fiscal year under subparagraph (A) and remaining after amounts are reserved under subparagraphs (B) and (C) shall be reserved for making grants under section 202(f).

“(2) SUMS REMAINING AVAILABLE.—Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for obligation until expended.

“(b) NATIONAL ENDOWMENT FOR THE HUMANITIES.—

“(1) IN GENERAL.—

1           “(A) TOTAL AUTHORIZATION.—There are  
2 authorized to be appropriated to carry out the  
3 activities of the National Endowment for the  
4 Humanities under this Act \$175,000,000 for  
5 fiscal year 1998, and such sums as are nec-  
6 essary for fiscal years 1999 through 2002.

7           “(B) RESERVATION FOR ADMINISTRA-  
8 TION.—There shall be reserved amounts suffi-  
9 cient to carry out subsection (c)(2).

10          “(C) RESERVATION FOR PARTNERSHIP  
11 GRANTS.—30 percent of the amount appro-  
12 priated for a fiscal year under subparagraph  
13 (A) and remaining after amounts are reserved  
14 under subparagraph (B) shall be reserved for  
15 making grants under section 302(c). Of the  
16 amount reserved under this subparagraph, 5  
17 percent of such amount shall be made available  
18 for activities relating to elementary and second-  
19 ary education in the humanities.

20          “(D) RESERVATION FOR NATIONAL  
21 GRANTS.—35 percent of the amount appro-  
22 priated for a fiscal year under subparagraph  
23 (A) and remaining after amounts are reserved  
24 under subparagraph (B) shall be reserved for  
25 making grants under section 302(d).

1           “(E) RESERVATION FOR RESEARCH AND  
 2           SCHOLARSHIP GRANTS.—35 percent of the  
 3           amount appropriated for a fiscal year under  
 4           subparagraph (A) and remaining after amounts  
 5           are reserved under subparagraph (B) shall be  
 6           reserved for making grants under section  
 7           302(e).

8           “(2) SUMS REMAINING AVAILABLE.—Sums ap-  
 9           propriated pursuant to paragraph (1) for any fiscal  
 10          year shall remain available for obligation until ex-  
 11          pended.

12          “(c) ADMINISTRATION.—

13           “(1) NATIONAL ENDOWMENT FOR THE ARTS.—

14           “(A) PERCENTAGE BASED ON FUNDING  
 15           UNDER \$150,000,000.—In a case in which the  
 16           amount appropriated for a fiscal year under  
 17           subsection (a)(1)(A) is less than \$150,000,000,  
 18           not more than 17 percent of the amount appro-  
 19           priated for a fiscal year under subsection  
 20           (a)(1)(A) may be made available for the costs  
 21           of administering title II, or any other program  
 22           for which the Chairperson of the National En-  
 23           dowment for the Arts is responsible, of which  
 24           not more than \$100,000 shall be made available  
 25           for the President’s Committee on the Arts and

the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses.

“(B) PERCENTAGE BASED ON FUNDING OVER \$150,000,000.—In a case in which the amount appropriated for a fiscal year under subsection (a)(1)(A) is \$150,000,000 or greater, not more than 12 percent of the amount appropriated for a fiscal year under subsection (a)(1)(A) may be made available for the costs of administering title II, or any other program for which the Chairperson of the National Endowment for the Arts is responsible, of which not more than \$100,000 shall be made available for the President’s Committee on the Arts and the Humanities, none of which may be used to reimburse members of the Committee for travel and related expenses.

“(2) NATIONAL ENDOWMENT FOR THE HUMANITIES.—

“(A) PERCENTAGE BASED ON FUNDING UNDER \$150,000,000.—In a case in which the amount appropriated for a fiscal year under subsection (b)(1)(A) is less than \$150,000,000, not more than 17 percent of the amount appro-



1            appropriated for a fiscal year under subsection  
2            (b)(1)(A) may be made available for the costs  
3            of administering title III, or any other program  
4            for which the Chairperson of the National En-  
5            dowment for the Humanities is responsible, of  
6            which not more than \$100,000 shall be made  
7            available for the President's Committee on the  
8            Arts and the Humanities, none of which may be  
9            used to reimburse members of the Committee  
10          for travel and related expenses.

11            “(B) PERCENTAGE BASED ON FUNDING  
12          OVER \$150,000,000.—In a case in which the  
13          amount appropriated for a fiscal year under  
14          subsection (b)(1)(A) is \$150,000,000 or great-  
15          er, not more than 12 percent of such amount  
16          may be made available for the costs of admin-  
17          istering title III, or any other program for  
18          which the Chairperson of the National Endow-  
19          ment for the Humanities is responsible, of  
20          which not more than \$100,000 shall be made  
21          available for the President's Committee on the  
22          Arts and the Humanities, none of which may be  
23          used to reimburse members of the Committee  
24          for travel and related expenses.

# **“TITLE II—NATIONAL ENDOWMENT FOR THE ARTS**

## **“SEC. 201. DEFINITIONS.**

“In this title:

“(1) DEVELOPING ARTS ORGANIZATION.—The term ‘developing arts organization’ means a local arts organization of high artistic promise that—

“(A) serves as an important source of local arts programming in a community; and

“(B) has the potential to broaden public access to the arts in rural and urban underserved communities.

“(2) FINAL JUDGMENT.—The term ‘final judgment’ means a judgment that is either—

“(A) not reviewed by any other court that has authority to review such judgment; or

“(B) is not reviewable by any other court.

“(3) LOCAL ARTS AGENCY.—The term ‘local arts agency’ means a community organization, or an agency of local government, that primarily provides financial support, services, or other programs for artists and arts organizations, for the benefit of the community as a whole.

“(4) OBSCENE; DETERMINED TO BE OBSCENE.—

1           “(A) OBSCENE.—The term ‘obscene’  
2 means, with respect to a project, production, or  
3 workshop, that—

4           “(i) the average person, applying con-  
5 temporary community standards, would  
6 find that such project, production, or work-  
7 shop, when taken as a whole, appeals to  
8 the prurient interest;

9           “(ii) such project, production, or  
10 workshop depicts or describes sexual con-  
11 duct in a patently offensive way; and

12           “(iii) such project, production, or  
13 workshop, when taken as a whole, lacks se-  
14 rious literary, artistic, political or scientific  
15 value.

16           “(B) DETERMINED TO BE OBSCENE.—The  
17 term ‘determined to be obscene’ means deter-  
18 mined, in a final judgment of a court of record  
19 and of competent jurisdiction in the United  
20 States, to be obscene.

21           “(5) PRODUCTION.—The term ‘production’  
22 means any activity involving the execution or ren-  
23 dition of the arts and meeting such standards as  
24 may be approved by the Chairperson of the Endow-  
25 ment.

1 “(6) PROJECT.—

2 “(A) IN GENERAL.—The term ‘project’  
3 means a program organized to carry out the ob-  
4 jectives of this Act, including a program to fos-  
5 ter United States artistic creativity, to commis-  
6 sion a work of art, or to develop and enhance  
7 the widest public access, knowledge, and under-  
8 standing of the arts, and includes, where appro-  
9 priate, rental or purchase of a facility, rental or  
10 purchase of land, and acquisition of equipment.

11 “(B) RENOVATION OR CONSTRUCTION.—  
12 Such term also includes—

13 “(i) the renovation of a facility if—

14 “(I) the amount of the expendi-  
15 ture of Federal funds for such pur-  
16 pose in the case of any facility does  
17 not exceed \$250,000; and

18 “(II) two-thirds of the members  
19 of the National Council on the Arts  
20 (who are present and voting) rec-  
21 ommend a grant involving an expendi-  
22 ture for such purpose; and

23 “(ii) with respect to a grant under  
24 section 202(d), the construction of a facil-  
25 ity, if—

1                   “(I) such construction is for  
 2                   demonstration purposes or under un-  
 3                   usual circumstances in which there is  
 4                   no other manner by which to accom-  
 5                   plish an artistic purpose; and

6                   “(II) two-thirds of the members  
 7                   of the National Council on the Arts  
 8                   (who are present and voting) rec-  
 9                   ommend a grant involving an expendi-  
 10                  ture for such purpose.

11               “(7) WORKSHOP.—The term ‘workshop’ means  
 12               a program the primary purpose of which is to en-  
 13               courage the artistic development or enjoyment of  
 14               amateur, student, or other participants.

15   **“SEC. 202. ESTABLISHMENT OF THE NATIONAL ENDOW-**  
 16               **MENT FOR THE ARTS.**

17               “(a) ESTABLISHMENT.—There is established within  
 18               the Foundation a National Endowment for the Arts (re-  
 19               ferred to in this title as the ‘Endowment’).

20               “(b) CHAIRPERSON.—

21               “(1) APPOINTMENT.—The Endowment shall be  
 22               headed by a chairperson, to be known as the Chair-  
 23               person of the Endowment (referred to in this title as  
 24               the ‘Chairperson’), who shall be appointed by the

1 President, by and with the advice and consent of the  
2 Senate.

3 “(2) TERM.—

4 “(A) IN GENERAL.—The term of office of  
5 the Chairperson shall be 4 years, except that  
6 any Chairperson appointed to fill a vacancy  
7 shall serve for the remainder of the term for  
8 which the predecessor of the Chairperson was  
9 appointed. Notwithstanding any other provision  
10 of this subparagraph, on the expiration of the  
11 term of office of the Chairperson, the Chair-  
12 person shall serve until the successor to the  
13 Chairperson is appointed and has qualified.

14 “(B) REAPPOINTMENT.—The Chairperson  
15 shall be eligible for reappointment.

16 “(c) PARTNERSHIP GRANTS.—

17 “(1) PURPOSE.—The purpose of this subsection  
18 is to make grants to States and regional groups to  
19 support arts activities, with preference to arts edu-  
20 cation and projects that reach rural and urban un-  
21 derserved communities.

22 “(2) GRANTS TO STATES.—

23 “(A) AUTHORITY.—Using the funds re-  
24 served under section 106(a)(1)(D), the Chair-  
25 person, acting on the recommendation of the

1 National Council on the Arts, shall establish  
2 and carry out a program of basic State grants  
3 to assist States—

4 “(i)(I) in supporting projects, produc-  
5 tions, or workshops that meet the standard  
6 of artistic excellence and artistic merit and  
7 that fulfill the purposes of this Act; and

8 “(II) in developing projects, produc-  
9 tions, or workshops that will furnish pro-  
10 grams, facilities, and services in the arts to  
11 people and communities in each of the  
12 States; and

13 “(ii) in carrying out activities that—

14 “(I) stimulate artistic activity  
15 and awareness, and broaden public ac-  
16 cess to the arts, in rural and urban  
17 underserved communities;

18 “(II) enhance the artistic capa-  
19 bilities of developing arts organiza-  
20 tions through artistic, programmatic,  
21 and staff development; or

22 “(III) provide technical assist-  
23 ance to developing arts organizations  
24 to improve managerial and organiza-  
25 tional skills, financial systems man-

1                   agement, and long-range fiscal plan-  
2                   ning.

3                   “(B) APPLICATION.—In order to receive a  
4                   grant under this paragraph for any fiscal year,  
5                   a State shall submit an application described in  
6                   section 203 for such grant at such time and in  
7                   such manner as shall be specified by the Chair-  
8                   person and accompany such application with a  
9                   State plan that the Chairperson finds—

10                   “(i) designates or provides for the es-  
11                   tablishment of a State agency (referred to  
12                   in this section as the ‘State agency’) as the  
13                   sole agency for the administration of the  
14                   State plan;

15                   “(ii) provides that funds paid to the  
16                   State under this paragraph will be ex-  
17                   pended solely on projects, productions, or  
18                   workshops described in subparagraph (A)  
19                   and approved by the State agency;

20                   “(iii) provides that the State agency  
21                   will make such reports, in such manner  
22                   and containing such information, as the  
23                   Chairperson may from time to time re-  
24                   quire, including a description of the



1 progress made toward achieving the objec-  
2 tives of the State plan;

3 “(iv) provides—

4 “(I) an assurance that the State  
5 agency has held, after reasonable no-  
6 tice, public meetings in the State to  
7 allow the public, interested groups,  
8 and groups of artists to present views  
9 and make recommendations regarding  
10 the State plan; and

11 “(II) a summary of such rec-  
12 ommendations and the response of the  
13 State agency to such recommenda-  
14 tions; and

15 “(v) contains—

16 “(I) for the most recent preced-  
17 ing year for which information is  
18 available, a description of the level of  
19 participation by artists, artists’ orga-  
20 nizations, and arts groups in projects,  
21 productions, or workshops supported  
22 by funding from the State agency  
23 under this paragraph, and a descrip-  
24 tion of the extent to which projects,  
25 productions, or workshops supported

1 by funding from the State agency  
 2 under this paragraph were available to  
 3 all people and communities in the  
 4 State, especially underserved commu-  
 5 nities; and

6 “(II) a description of projects,  
 7 productions, or workshops supported  
 8 by funding from the State agency  
 9 under this paragraph that exist or are  
 10 being developed to address the avail-  
 11 ability of the arts to all people or com-  
 12 munities described in subclause (I) or  
 13 to secure wider participation of artists  
 14 and arts organizations described in  
 15 subclause (I).

16 “(C) APPROVAL.—The Chairperson may  
 17 not approve an application described in sub-  
 18 paragraph (B) unless the accompanying State  
 19 plan satisfies the requirements specified in sub-  
 20 paragraph (B).

21 “(D) ALLOTMENTS.—

22 “(i) IN GENERAL.—Of the sums avail-  
 23 able to carry out this paragraph for any  
 24 fiscal year, each State that has an applica-

tion approved by the Chairperson shall be allotted at least \$200,000.

“(ii) INSUFFICIENT FUNDS.—If the sums available to carry out this paragraph for any fiscal year are insufficient to make the allotments under clause (i) in full, such sums shall be allotted so that each such State receives an equal amount.

“(iii) EXCESS FUNDS.—In any case in which the sums available to carry out this paragraph for any fiscal year are in excess of the amount required to make the allotments under clause (i)—

“(I) the amount of such excess that is not greater than 25 percent of the sums available to carry out this paragraph for such fiscal year shall be available to the Chairperson for making grants under this paragraph to States and, in accordance with subparagraph (H), regional groups; and

“(II) the amount of such excess for such fiscal year, if any, that remains after reserving in full for the Chairperson the amount required

1 under subclause (I) shall be allotted  
2 so that each State that has an appli-  
3 cation approved by the Chair receives  
4 an equal amount;

5 but in no event shall any State be allotted  
6 less than \$200,000 under this paragraph.

7 “(E) FEDERAL SHARE.—

8 “(i) IN GENERAL.—Funding provided  
9 through a grant made under this para-  
10 graph to a State for any fiscal year shall  
11 be available to each State that has an ap-  
12 plication approved by the Chairperson, and  
13 has the State plan accompanying the appli-  
14 cation in effect on the first day of such fis-  
15 cal year, to pay not more than 50 percent  
16 of the total cost of carrying out any activ-  
17 ity described in subparagraph (A).

18 “(ii) EXCESS PORTION.—Except as  
19 provided in clause (iii), the portion of the  
20 funding provided through any grant made  
21 under subparagraph (D)(i) to a State for  
22 any fiscal year that exceeds \$125,000 shall  
23 be available, at the discretion of the Chair-  
24 person, to pay not more than 100 percent  
25 of such cost of carrying out an activity

1 under this paragraph if such activity would  
2 be unavailable to the residents of the State  
3 without such portion.

4 “(iii) PERCENTAGE OF GRANT  
5 FUNDS.—The portion of the funding de-  
6 scribed in clause (ii) for any fiscal year  
7 that is available to pay not more than 100  
8 percent of such cost, as described in clause  
9 (ii), shall not exceed 20 percent of the total  
10 funding provided through such grant for  
11 such fiscal year.

12 “(F) PROHIBITION ON SUPPLANTING NON-  
13 FEDERAL FUNDS.—Funds made available under  
14 this paragraph shall be used to supplement, and  
15 shall not supplant, non-Federal funds expended  
16 for supporting activities described in subpara-  
17 graph (A).

18 “(G) UNOBLIGATED FUNDS.—Any amount  
19 allotted to a State under subparagraph (D)(i)  
20 for any fiscal year that is not obligated by the  
21 State earlier than 60 days prior to the end of  
22 the fiscal year for which the amount is appro-  
23 priated shall be available for making grants to  
24 regional groups.

1           “(H) SPECIAL RULE.—The provisions of  
 2           this paragraph (other than subparagraph (D))  
 3           shall apply to regional groups receiving grants  
 4           under this paragraph in such manner, and to  
 5           such extent, as the Chairperson shall by regula-  
 6           tion prescribe.

7           “(I) DEFINITION.—In subparagraph  
 8           (D)(iii)(II) and notwithstanding section 3(8),  
 9           the term ‘State’ includes, in addition to the sev-  
 10          eral States of the United States, only the juris-  
 11          dictions specified in such section that have a  
 12          population of 200,000 or more, according to the  
 13          latest decennial census.

14          “(d) NATIONAL SIGNIFICANCE GRANTS.—

15               “(1) PURPOSE.—The purpose of this subsection  
 16               is to make grants to groups of demonstrated and  
 17               substantial artistic and cultural importance, for  
 18               projects, productions, and workshops that will in-  
 19               crease the access of all the people of the United  
 20               States, especially underserved communities, to the  
 21               best of the arts and culture of the United States.

22               “(2) IN GENERAL.—Using funds reserved under  
 23               section 106(a)(1)(E), the Chairperson, acting on the  
 24               recommendation of the National Council on the  
 25               Arts, may establish and carry out a program of

1 grants to groups who meet the standard of artistic  
 2 excellence and artistic merit and who are engaged in  
 3 or concerned with the arts, for the purpose of paying  
 4 for the Federal share of the cost of—

5 “(A) enabling the groups to provide or  
 6 support projects, productions, or workshops de-  
 7 scribed in paragraph (3) that will have a na-  
 8 tional, regional, or otherwise substantial artistic  
 9 or cultural impact;

10 “(B) providing administrative and manage-  
 11 ment improvements for the groups, particularly  
 12 in the field of long-range financial planning, in-  
 13 cluding increasing levels of community support  
 14 and the range of contributors to the programs  
 15 of such groups; or

16 “(C) enabling the groups to provide or  
 17 support projects, productions, or workshops  
 18 that will serve as models for arts education.

19 “(3) PROJECTS, PRODUCTIONS, AND WORK-  
 20 SHOPS.—

21 “(A) REQUIRED ELEMENTS.—Each such  
 22 project, production, or workshop shall—

23 “(i) have substantial national or re-  
 24 gional cultural significance, and encourage  
 25 professional excellence; or

1 “(ii)(I) have significant merit; and

2 “(II) be a project, production, or  
3 workshop that, if such a group did not re-  
4 ceive a grant, might otherwise be unavail-  
5 able to citizens for geographic or economic  
6 reasons.

7 “(B) PERMISSIBLE ELEMENTS.—Each  
8 such project, production, or workshop may—

9 “(i) encourage access to, education in,  
10 and knowledge, understanding, enjoyment,  
11 and appreciation of, the arts by the public;

12 “(ii) enhance managerial and organi-  
13 zational skills and capabilities;

14 “(iii) use technology to broaden public  
15 access to the arts;

16 “(iv) expand access to the arts for in-  
17 dividuals with disabilities; or

18 “(v) promote access to the arts for  
19 minority or underserved populations.

20 “(4) FEDERAL SHARE REQUIREMENT.—

21 “(A) IN GENERAL.—Except as provided in  
22 subparagraphs (B) and (C), in the case of any  
23 grant made under this subsection, the Federal  
24 share described in paragraph (2) shall be 25  
25 percent.



1           “(B) CERTAIN GROUPS.—In the case of  
2           any grant made under this subsection to a  
3           group with an annual budget in excess of  
4           \$3,000,000, the Federal share described in  
5           paragraph (2) shall be 16.67 percent.

6           “(C) ADJUSTMENTS.—The Chairperson  
7           may increase the Federal share applicable  
8           under this subsection for a designated grant re-  
9           cipient, with review and approval by the Na-  
10          tional Council on the Arts. The Chairperson  
11          shall not increase the Federal share above 50  
12          percent for the recipient. Not more than 10  
13          percent of the funds made available by the En-  
14          dowment for grants under this subsection for  
15          any fiscal year may be available for grants for  
16          the fiscal year for which the Chairperson in-  
17          creases the applicable Federal share.

18          “(5) PRIORITY.—In awarding grants under this  
19          subsection, the Chairperson shall give priority to  
20          projects, productions, and workshops that increase  
21          the access of the public of the United States, espe-  
22          cially underserved communities, to culture and the  
23          arts, including access by touring, by regional or na-  
24          tional dissemination, or by geographic dispersion.

25          “(e) DIRECT GRANTS.—

1           “(1) PURPOSE.—The purpose of this subsection  
2           is to make grants to groups, and individuals, that  
3           are broadly representative of the cultural heritage of  
4           the United States and broadly geographically rep-  
5           resentative, for projects, productions, and workshops  
6           of the highest artistic excellence and artistic merit.

7           “(2) IN GENERAL.—Using funds reserved under  
8           section 106(a)(1)(F), the Chairperson, acting on the  
9           recommendation of the National Council on the  
10          Arts, may establish and carry out a program of  
11          grants to groups, or individuals who are engaged in  
12          or concerned with the arts, to pay for the Federal  
13          share of the cost of projects, productions, or work-  
14          shops that meet the standard of artistic excellence  
15          and artistic merit and that fulfill the purposes of  
16          this Act.

17          “(3) FEDERAL SHARE REQUIREMENT.—The  
18          Federal share described in paragraph (2) shall be 50  
19          percent.

20          “(4) PRIORITY.—In awarding grants under this  
21          subsection, the Chairperson shall give priority to  
22          projects, productions, and workshops that will be  
23          disseminated widely after completion.

24          “(5) ADJUSTMENTS.—The Chairperson may in-  
25          crease the Federal share applicable under this sub-

1 section for a designated grant recipient, with review  
 2 and approval by the National Council on the Arts.  
 3 Not more than 20 percent of the funds made avail-  
 4 able by the Endowment for grants under this sub-  
 5 section for any fiscal year may be available for  
 6 grants for the fiscal year for which the Chairperson  
 7 increases the applicable Federal share.

8 “(6) SPECIAL RULE FOR GRANTS TO INDIVID-  
 9 UALS.—The Chairperson shall only award a grant in  
 10 accordance with this subsection to an individual de-  
 11 scribed in paragraph (2) if such grant is awarded to  
 12 such individual for a literature fellowship, a National  
 13 Heritage Fellowship, or a Jazz Masters Fellowship.

14 “(f) ARTS EDUCATION AND UNDERSERVED COMMU-  
 15 NITIES GRANTS.—

16 “(1) PURPOSE.—The purpose of this subsection  
 17 is to make grants to State arts agencies and other  
 18 groups to carry out activities in arts education and  
 19 to carry out arts-related activities in underserved  
 20 communities.

21 “(2) IN GENERAL.—Using the funds reserved  
 22 under section subparagraphs (C) (as may be appro-  
 23 priate) and (G) of section 106(a)(1), the Chair-  
 24 person, acting on the recommendation of the Na-  
 25 tional Council on the Arts, may establish and carry

1 out a program of grants to State arts agencies or  
 2 other groups to pay for the Federal share of the cost  
 3 of carrying out activities that—

4 “(A) promote and improve the availability  
 5 of arts instruction, and improve the quality of  
 6 arts education, through support of lifelong  
 7 learning in the arts;

8 “(B) provide—

9 “(i) instruction in the arts by inte-  
 10 grating and incorporating the arts in the  
 11 teaching of English, math, science, foreign  
 12 languages, civics and government, econom-  
 13 ics, history, and geography; or

14 “(ii) courses in the arts through  
 15 school programs;

16 “(C) enhance the quality of arts instruc-  
 17 tion in programs of teacher education;

18 “(D) develop arts faculty resources and  
 19 talents;

20 “(E) support and encourage the develop-  
 21 ment of improved curriculum materials in the  
 22 arts;

23 “(F) support apprenticeships, internships,  
 24 and other career oriented work-study experi-  
 25 ences for artists and arts teachers, and encour-

1 age residencies of artists at all educational lev-  
 2 els;

3 “(G) stimulate artistic activity and aware-  
 4 ness, and broaden public access to the arts, in  
 5 underserved communities;

6 “(H) enhance the artistic capabilities of  
 7 developing arts organizations in underserved  
 8 communities through artistic, programmatic,  
 9 and staff development; or

10 “(I) provide technical assistance to devel-  
 11 oping arts organizations in underserved commu-  
 12 nities to improve managerial and organizational  
 13 skills, financial systems management, and long-  
 14 range fiscal planning.

15 “(3) FEDERAL SHARE.—The Federal share de-  
 16 scribed in paragraph (2) shall be 50 percent.

17 “(4) EVALUATION AND REPORTS FOR CERTAIN  
 18 ACTIVITIES.—

19 “(A) IN GENERAL.—Each State arts agen-  
 20 cy or other group that receives a grant under  
 21 this subsection to carry out the activity de-  
 22 scribed in paragraph (2)(B) shall conduct an  
 23 ongoing evaluation of the activity.

24 “(B) EVALUATION COMPONENTS.—In con-  
 25 ducting the evaluation under subparagraph (A),

1 a State arts agency or other group shall, in the  
 2 case of students who participate in an activity  
 3 described in paragraph (2)(B), monitor the  
 4 progress of the student participants throughout  
 5 the period of participation.

6 “(C) REPORT TO CHAIRPERSON.—Not  
 7 later than 60 days after the date of the comple-  
 8 tion of an activity by a State arts agency or  
 9 other group under subparagraph (A), the State  
 10 arts agency or other group shall prepare and  
 11 submit to the Chairperson a report on the eval-  
 12 uation conducted under subparagraph (A).

13 “(D) REPORT TO CONGRESS.—Not later  
 14 than 60 days after the date of the submission  
 15 of the report under subparagraph (C), the  
 16 Chairperson shall prepare and submit to Con-  
 17 gress a report on—

18 “(i) the activities funded under para-  
 19 graph (2)(B); and

20 “(ii) the evaluations conducted by re-  
 21 cipients under subparagraph (A).

22 **“SEC. 203. APPLICATION PROCEDURES.**

23 “(a) APPLICATION REQUIREMENT.—No grant shall  
 24 be made under this title to any person unless the person  
 25 submits an application to the Chairperson in accordance

1 with regulations and procedures established by the Chair-  
2 person.

3 “(b) PROCEDURES.—

4 “(1) IN GENERAL.—

5 “(A) CONSIDERATIONS.—In establishing  
6 such regulations and procedures for applica-  
7 tions, the Chairperson shall ensure that—

8 “(i) artistic excellence and artistic  
9 merit of the projects, productions, and  
10 workshops described in the application are  
11 the criteria by which the applications are  
12 judged by advisory panels described in sec-  
13 tion 204, taking into consideration general  
14 standards of decency and respect for the  
15 diverse beliefs and values of the public of  
16 the United States;

17 “(ii) in selecting groups as recipients  
18 of grants under section 202, the Chair-  
19 person shall give preference to artistically  
20 rural and urban underserved communities  
21 and artists and artistic groups that have  
22 traditionally been underrepresented in the  
23 arts; and

24 “(iii) the projects, productions, and  
25 workshops described in the applications,

1                   and awards of grants under this title, are  
 2                   consistent with the objectives of section  
 3                   202 and this section.

4                   “(B) OBSCENITY PROVISIONS.—Such regu-  
 5                   lations and procedures shall clearly indicate  
 6                   that obscenity is without artistic merit, is not  
 7                   protected speech, and shall not be funded under  
 8                   this title. Projects, productions, and workshops  
 9                   that are determined to be obscene shall be pro-  
 10                  hibited from receiving grants under this title  
 11                  from the Endowment.

12               “(2) CONSIDERATIONS FOR THE CHAIR-  
 13               PERSON.—In considering an application for a grant  
 14               under this title, the Chairperson shall consider the  
 15               extent to which the projects, productions, and work-  
 16               shops described in the application fulfill the pur-  
 17               poses of this Act, as well as their artistic excellence  
 18               and artistic merit, as determined by the Chair-  
 19               person.

20               “(3) CONSTRUCTION.—The disapproval or ap-  
 21               proval by the Chairperson of an application for a  
 22               grant under this title shall not be construed to  
 23               mean, and shall not be considered to be evidence  
 24               that, the project, production, or workshop, for which  
 25               the applicant requested a grant, is or is not obscene.



1 **“SEC. 204. ADVISORY PANELS.**

2 “(a) IN GENERAL.—The Chairperson shall utilize re-  
3 view by advisory panels—

4 “(1) as the first step in the review of applica-  
5 tions submitted under this Act; and

6 “(2) to make recommendations to the National  
7 Council on the Arts in all cases involving requests  
8 for grants authorized under this title, except cases  
9 in which the Chairperson exercises authority dele-  
10 gated under section 205(f)(2).

11 “(b) PROCEDURES.—

12 “(1) CRITERIA.—In reviewing the applications,  
13 such panels shall recommend applications for  
14 projects, productions, and workshops on the basis of  
15 artistic excellence and artistic merit, consistent with  
16 section 203(b)(1)(A)(i).

17 “(2) AMOUNTS.—The panels may recommend  
18 only general ranges of funding to be provided  
19 through the grants and may not recommend specific  
20 amounts of such funding.

21 “(3) REGULATIONS AND PROCEDURES.—The  
22 Chairperson shall issue regulations and establish  
23 procedures to—

24 “(A) ensure that all the panels are com-  
25 posed, to the extent practicable, of individuals  
26 providing a wide geographic, ethnic, and minor-

1           ity representation as well as individuals reflect-  
 2           ing diverse artistic and cultural points of view;

3           “(B) ensure that all the panels include at  
 4           least 2 members representing lay individuals  
 5           who are—

6                   “(i) knowledgeable about the arts;

7                   “(ii) not engaged in the arts as a pro-  
 8                   fession; and

9                   “(iii) not employees of either artists’  
 10                  organizations or arts organizations;

11           “(C) ensure that, when feasible, the proce-  
 12           dures used by the panels to carry out their re-  
 13           sponsibilities are standardized;

14           “(D) require each such panel—

15                   “(i) to create written records summa-  
 16                   rizing—

17                           “(I) all meetings and discussions  
 18                           of such panel; and

19                           “(II) the recommendations made  
 20                           by such panel to the Council; and

21                   “(ii) to make such records available to  
 22           the public in a manner that protects the  
 23           privacy of individual applicants and panel  
 24           members;

1           “(E) permit, when necessary and feasible,  
 2           a site visit to view the work of an applicant and  
 3           deliver a written report on the work being re-  
 4           viewed, in order to assist panelists in making  
 5           their recommendations;

6           “(F)(i) require that the membership of  
 7           each such panel change substantially from year  
 8           to year; and

9           “(ii) provide that no individual be eligible  
 10          to serve on such a panel for more than 5 years,  
 11          no 2 of which may be consecutive; and

12          “(G) ensure that the panels recommend  
 13          more applicants for grants than are anticipated  
 14          can be provided funding through the grants  
 15          with available funds.

16          “(4) PROHIBITION ON CONFLICTS OF INTER-  
 17          EST.—

18          “(A) IN GENERAL.—In making appoint-  
 19          ments to the panels, the Chairperson shall en-  
 20          sure that an individual who has a pending ap-  
 21          plication for a grant authorized under this title,  
 22          who is an employee or agent of an organization  
 23          with such a pending application, or who has a  
 24          direct or indirect financial interest in any appli-  
 25          cation under consideration by such a panel,

1 does not serve as a member of any panel before  
 2 which such application is pending.

3 “(B) DURATION.—The prohibition de-  
 4 scribed in subparagraph (A) shall commence  
 5 with respect to such individual beginning on the  
 6 date such application is submitted, and shall  
 7 continue until a final decision on the application  
 8 has been reached by the Chairperson.

9 **“SEC. 205. NATIONAL COUNCIL ON THE ARTS.**

10 “(a) ESTABLISHMENT.—There is established within  
 11 the Endowment a National Council on the Arts (referred  
 12 to in this section as the ‘Council’).

13 “(b) COMPOSITION.—

14 “(1) IN GENERAL.—The Council shall be com-  
 15 posed of the Chairperson of the Endowment, who  
 16 shall be the Chairperson of the Council, and 20  
 17 other members appointed by the President, by and  
 18 with the advice and consent of the Senate, who shall  
 19 be selected—

20 “(A) from among private citizens of the  
 21 United States who—

22 “(i) are widely recognized for their  
 23 broad knowledge of, or expertise in, the  
 24 arts; and

1 “(ii) have established records of dis-  
2 tinguished service, or achieved eminence, in  
3 the arts;

4 “(B) so as to include practicing artists,  
5 members of cultural professions, educators,  
6 civic cultural leaders, and others who are pro-  
7 fessionally engaged in the arts; and

8 “(C) so as collectively to provide an appro-  
9 priate distribution of members among the major  
10 art fields.

11 “(2) QUALIFICATIONS.—The President may, in  
12 making such appointments, give consideration to  
13 such recommendations as may, from time to time, be  
14 submitted to the President by leading national orga-  
15 nizations in the major art fields. In making such ap-  
16 pointments, the President shall give due regard to  
17 equitable representation of women, racially and eth-  
18 nically diverse individuals, and individuals with dis-  
19 abilities, who are involved in the arts. Members of  
20 the Council shall be appointed so as to represent eq-  
21 uitably geographical areas in the United States, in-  
22 cluding rural and urban underserved communities.

23 “(c) TERMS.—

24 “(1) IN GENERAL.—

1           “(A) STAGGERED TERMS.—Each member  
2 of the Council shall serve for a term of 6 years,  
3 and the terms shall be staggered.

4           “(B) EXPIRATION.—Except as provided in  
5 paragraph (2), the terms of all Council mem-  
6 bers shall expire on the third day of September  
7 in the year of expiration.

8           “(C) REAPPOINTMENT AFTER PARTIAL  
9 TERM.—Each member who has served on the  
10 Council for 1 term of less than 3 years shall be  
11 eligible for reappointment for 1 term of 6 years.

12           “(D) VACANCY APPOINTMENTS.—Any  
13 member appointed to fill a vacancy shall serve  
14 for the remainder of the term for which the  
15 predecessor of the member was appointed.

16           “(E) HOLDOVER SERVICE.—Notwithstand-  
17 ing any other provision of this subsection, a  
18 member of the Council shall serve after the ex-  
19 piration of the term of the member until the  
20 successor to the member takes office.

21           “(2) ADJUSTMENT TO REDUCE COUNCIL.—

22           “(A) MEMBERS WHOSE TERMS EXPIRED IN  
23 1996 BUT CONTINUE TO SERVE.—

24           “(i) IN GENERAL.—The terms of 10  
25 members of the Council whose terms ex-

1           pired on September 3, 1996 and who con-  
 2           tinue to serve because a successor has not  
 3           been appointed shall be deemed to expire  
 4           on the date of enactment of the Arts and  
 5           Humanities Amendments of 1997.

6           “(ii) SUCCESSORS.—The President  
 7           shall appoint 7 members of the Council to  
 8           succeed members whose terms are deemed  
 9           to expire as described in clause (i). The  
 10          terms of the successors shall expire on  
 11          September 3, 2002.

12          “(B) MEMBERS WHOSE TERMS EXPIRE IN  
 13          1998.—The President shall appoint 6 members  
 14          of the Council to succeed the 8 members of the  
 15          Council whose terms expire on September 3,  
 16          1998. The terms of the successors shall expire  
 17          on September 3, 2004.

18          “(C) MEMBERS WHOSE TERMS EXPIRE IN  
 19          2000.—The President shall appoint 7 members  
 20          of the Council to succeed the 8 members of the  
 21          Council whose terms expire on September 3,  
 22          2000. The terms of the successors shall expire  
 23          on September 3, 2006.

24          “(d) COMPENSATION.—Members of the Council shall  
 25          receive compensation at a rate to be fixed by the Chair-

1 person but not to exceed the daily equivalent of the maxi-  
 2 mum rate authorized for a position above grade GS-15  
 3 of the General Schedule under section 5108 of title 5,  
 4 United States Code, and be allowed travel expenses includ-  
 5 ing per diem in lieu of subsistence, in the same amounts  
 6 and to the same extent, as authorized under section 5703  
 7 of title 5, United States Code, for persons employed inter-  
 8 mittently in Federal Government service.

9 “(e) MEETINGS AND DUTIES.—

10 “(1) MEETINGS.—The Council shall meet at  
 11 the call of the Chairperson but not less often than  
 12 twice during each calendar year. Eleven members of  
 13 the Council shall constitute a quorum. All policy  
 14 meetings of the Council shall be open to the public.

15 “(2) DUTIES.—The Council shall—

16 “(A) advise the Chairperson with respect  
 17 to policies, programs, and procedures for carry-  
 18 ing out the functions of the Chairperson under  
 19 this title;

20 “(B) review applications for grants author-  
 21 ized under this title and make recommendations  
 22 to the Chairperson with respect to—

23 “(i) whether to approve particular ap-  
 24 plications for grants authorized under this  
 25 title that have been determined by advisory



1 panels to have artistic excellence and artis-  
2 tic merit; and

3 “(ii) the amount of funding that the  
4 Chairperson should provide through such a  
5 grant with respect to each such application  
6 the Council recommends for approval;

7 “(C) use as criteria for the recommenda-  
8 tions of the Council—

9 “(i) the extent to which the works de-  
10 scribed in the applications fulfill the pur-  
11 poses of this Act and the requirements  
12 under the provisions of this Act;

13 “(ii) the artistic excellence and artistic  
14 merit of the works described in the appli-  
15 cations; and

16 “(iii) the extent to which the applicant  
17 serves an underserved community,  
18 as determined by each Council member;

19 “(D) recommend more applications for  
20 funding through grants than are anticipated  
21 can be provided funding through the grants  
22 with available funds;

23 “(E) create written records summarizing—

24 “(i) all meetings and discussions of  
25 the Council; and

1                   “(ii) recommendations made by the  
2                   Council to the Chairperson; and

3                   “(F) make such records available to the  
4                   public in a manner that protects the privacy of  
5                   individual applicants for grants authorized  
6                   under this title, advisory panel members, and  
7                   Council members.

8                   “(f) ACTIONS BY CHAIRPERSON.—

9                   “(1) IN GENERAL.—The Chairperson shall not  
10                  approve or disapprove any application for a grant  
11                  authorized under this title until the Chairperson has  
12                  received the recommendation of the Council on such  
13                  application. The Chairperson shall have final author-  
14                  ity to approve each such application, and shall deter-  
15                  mine the final amount of funding through any grant  
16                  awarded. The Chairperson may not approve an ap-  
17                  plication with respect to which the Council makes a  
18                  negative recommendation.

19                  “(2) DELEGATIONS.—In the case of an applica-  
20                  tion, or amendment of an application, submitted  
21                  under this title and involving \$35,000 or less, or a  
22                  request for change in a grant amount of 20 percent  
23                  or less, the Chairperson may approve or disapprove  
24                  such application, amendment, or request, if such ac-  
25                  tion is taken pursuant to the terms of an express

1 and direct delegation of authority from the Council  
 2 to the Chairperson, and if each such action by the  
 3 Chairperson is reported to the Council at the next  
 4 regularly scheduled meeting of the Council. Such ac-  
 5 tion by the Chairperson shall be used with discretion  
 6 and shall not become a normal practice of providing  
 7 funding through a grant authorized under this title.  
 8 The terms of any such delegation of authority shall  
 9 not permit obligations for expenditure of funds  
 10 under such delegation for any fiscal year that exceed  
 11 an amount equal to 2 percent of the sums appro-  
 12 priated for the fiscal year pursuant to section  
 13 106(a)(1)(A).

14 **“SEC. 206. LIMITATIONS ON GRANTS.**

15 “(a) PROHIBITION ON SUBGRANTS.—The Chair-  
 16 person shall establish procedures to ensure that no fund-  
 17 ing provided through a grant under this title, except a  
 18 grant made to a State agency, a regional group, or a local  
 19 arts agency that is an agency of local government, may  
 20 be used to make a grant to any other organization or indi-  
 21 vidual to conduct activity independent of the direct grant  
 22 recipient. Nothing in this subsection shall prohibit pay-  
 23 ments made in exchange for goods or services rendered.

24 “(b) PROHIBITION ON SEASONAL SUPPORT.—No  
 25 grant awarded under this title shall be used for seasonal

1 support to a group, unless the application submitted by  
 2 the group for such a grant specifically identifies the con-  
 3 tent of each activity to be carried out under such a grant  
 4 for the season involved, including a specific identification  
 5 of any project, production, or workshop.

6 “(c) USE OF FUNDS FOR PROJECTS, PRODUCTIONS,  
 7 AND WORKSHOPS IN SPECIFIED DISCIPLINES.—Each  
 8 project, production, or workshop funded under this title  
 9 shall relate to arts, as defined in section 3.

10 “(d) LABOR STANDARDS.—

11 “(1) IN GENERAL.—It shall be a condition of  
 12 the receipt of any grant under this title that the  
 13 grant recipient furnish adequate assurances to the  
 14 Secretary of Labor that—

15 “(A) all professional performers and relat-  
 16 ed or supporting professional personnel em-  
 17 ployed on projects or productions, or in work-  
 18 shops, that are financed in whole or in part  
 19 under this title will be paid, without subsequent  
 20 deduction or rebate on any account, not less  
 21 than the minimum compensation as determined  
 22 by the Secretary of Labor to be the prevailing  
 23 minimum compensation for persons employed in  
 24 similar activities; and

1           “(B) no part of any project, production, or  
2           workshop that is financed in whole or in part  
3           under this title will be performed or engaged in  
4           under working conditions that are unsanitary or  
5           hazardous or dangerous to the health and safe-  
6           ty of the employees engaged in such project,  
7           production, or workshop.

8           “(2) EVIDENCE.—Compliance with the safety  
9           and sanitary laws of the State in which the project,  
10          production, or workshop described in paragraph  
11          (1)(B) is to take place shall be prima facie evidence  
12          of compliance with the assurance described in para-  
13          graph (1)(B).

14          “(3) STANDARDS, REGULATIONS, AND PROCE-  
15          DURES.—The Secretary of Labor shall have the au-  
16          thority to prescribe such standards, regulations, and  
17          procedures as the Secretary of Labor may determine  
18          to be necessary or appropriate to carry out this sub-  
19          section.

20          “(e) LIMITATION ON GRANT AWARD.—

21                 “(1) INDIVIDUALS.—No individual may receive  
22                 more than 2 grant awards under this title.

23                 “(2) AGENCIES AND ORGANIZATIONS.—No  
24                 group, other than a State arts agency, may receive  
25                 more than 3 grant awards in a fiscal year under this

1 title, except that this paragraph shall not apply to  
2 a group that has entered into a cooperative agree-  
3 ment with the Endowment to receive assistance  
4 under this title.

5 “(f) REQUIREMENTS FOR GROUPS.—A group shall be  
6 eligible for a grant under this title if—

7 “(1) no part of the net earnings of the group  
8 inures to the benefit of any private stockholder, or  
9 individual; and

10 “(2) a donation to such group is allowable as  
11 a charitable contribution under section 170(c) of the  
12 Internal Revenue Code of 1986.

13 “(g) CITIZENSHIP REQUIREMENTS FOR INDIVID-  
14 UALS.—An individual shall be eligible to receive a direct  
15 grant under this title if at the time such grant is received  
16 such individual—

17 “(1) is a citizen or other national of the United  
18 States; or

19 “(2) is an alien lawfully admitted to the United  
20 States for permanent residence who—

21 “(A) has filed an application for natu-  
22 ralization in the manner prescribed by section  
23 334 of the Immigration and Nationality Act (8  
24 U.S.C. 1445); and

1                   “(B) is not permanently ineligible to be-  
2                   come a citizen of the United States.

3           “(h) INSTALLMENTS.—The Chairperson shall estab-  
4   lish procedures to provide for the distribution of funding  
5   provided through grants made under this title to recipients  
6   in installments except in exceptional cases in which the  
7   Chairperson determines that installments are not prac-  
8   ticable. In providing any such installments to a recipient  
9   of a grant under this title, the Chairperson shall ensure  
10 that—

11           “(1) not more than two-thirds of such funding  
12       may be provided at the time the application for the  
13       grant is approved; and

14           “(2) the remainder of such funding may not be  
15       provided until the Chairperson finds that the recipi-  
16       ent of such grant is complying substantially with  
17       this Act and with the conditions under which such  
18       funding is provided to such recipient.

19           “(i) LOANS.—Any loan made by the Chairperson  
20   under this title shall be made in accordance with terms  
21   and conditions approved by the Secretary of the Treasury.

22   **“SEC. 207. ADMINISTRATIVE PROVISIONS.**

23           “(a) AUTHORITIES OF CHAIRPERSON.—In addition  
24   to any authorities vested in the Chairperson by other pro-

1 visions of this Act, the Chairperson, in carrying out the  
2 functions of the Chairperson, shall have authority—

3 “(1) to prescribe such regulations and proce-  
4 dures as the Chairperson determines to be nec-  
5 essary, governing the manner in which the functions  
6 of the Chairperson shall be carried out;

7 “(2) to appoint and determine the compensa-  
8 tion of such employees, subject to title 5, United  
9 States Code, as may be necessary to carry out the  
10 functions of the Chairperson, to define the duties of  
11 such employees, and to supervise and direct the ac-  
12 tivities of such employees;

13 “(3) to procure the temporary and intermittent  
14 services of experts and consultants, including panels  
15 of experts, and compensate the experts and consult-  
16 ants in accordance with section 3109 of title 5,  
17 United States Code;

18 “(4) to accept and utilize the voluntary services  
19 of individuals and reimburse the individuals for trav-  
20 el expenses, including per diem in lieu of subsist-  
21 ence, in the same amounts and to the same extent  
22 as authorized under section 5703 of title 5, United  
23 States Code, for persons employed intermittently in  
24 Federal Government service;



1           “(5) to make advance, progress, and other pay-  
2           ments without regard to section 3324 of title 31,  
3           United States Code;

4           “(6) to rent office space in the District of Co-  
5           lumbia; and

6           “(7) to make other necessary expenditures.

7           “(b) PUBLICATIONS.—Official publications of the En-  
8           dowment under this title may be supported without regard  
9           to the provisions of section 501 of title 44, United States  
10          Code, if the Chairperson consults with the Joint Commit-  
11          tee on Printing of the Congress.

12          “(c) COORDINATION.—The Chairperson shall coordi-  
13          nate the programs of the Endowment, insofar as prac-  
14          ticable, with other Federal programs and programs under-  
15          taken by other public agencies or private groups, and shall  
16          develop the programs of the Endowment with due regard  
17          to the contribution to the objectives of this title that can  
18          be made by other Federal agencies under the existing pro-  
19          grams. The Chairperson may enter into interagency agree-  
20          ments to promote or assist with the arts-related activities  
21          of other Federal agencies, on a reimbursable or non-  
22          reimbursable basis, and may use funds authorized to be  
23          appropriated to carry out this title to pay for the costs  
24          of such promotion or assistance.

1 **“SEC. 208. REPORTS.**

2       “(a) ANNUAL REPORT OF CHAIRPERSON.—The  
3 Chairperson shall submit an annual report to the Presi-  
4 dent for submission to the appropriate committees of Con-  
5 gress on or before the 15th day of April of each year. The  
6 report shall summarize the activities of the Endowment  
7 for the preceding year, and shall include such rec-  
8 ommendations as the Chairperson determines to be appro-  
9 priate.

10       “(b) FINANCIAL REPORTS AND COMPLIANCE.—

11               “(1) IN GENERAL.—It shall be a condition of  
12 the receipt of a grant made under this title by the  
13 Chairperson that—

14                       “(A) each applicant for such grant include  
15 in the application described in section 203—

16                               “(i) a detailed description of the pro-  
17 posed project, production, or workshop for  
18 which the grant is requested;

19                               “(ii) a timetable for the completion of  
20 such proposed project, production, or  
21 workshop; and

22                               “(iii) an assurance that the applicant  
23 will meet the standards of artistic excel-  
24 lence and artistic merit;

25                       “(B)(i) each grant recipient under this  
26 title carry out the proposal consistent with the

1 description contained in the application, as ap-  
2 proved by the Chairperson for funding through  
3 the grant; and

4 “(ii) each such grant recipient seeking to  
5 change the activities carried out under the  
6 grant justify the requested change by a written  
7 request subject to approval by the Chairperson;  
8 and

9 “(C) each such grant recipient agree to  
10 and comply with requirements to submit to the  
11 Chairperson—

12 “(i) interim reports, including an an-  
13 nual report for each project, production, or  
14 workshop carried out under the grant dur-  
15 ing a period exceeding 1 year, describing  
16 the progress of the grant recipient in car-  
17 rying out such project, production, or  
18 workshop and compliance by the grant re-  
19 cipient with the conditions of receipt of  
20 such grant;

21 “(ii) financial reports containing such  
22 information as the Chairperson determines  
23 to be necessary to ensure that the funding  
24 made available through the grant is ex-

1                   pended in accordance with the terms and  
2                   conditions under which the grant is made;

3                   “(iii) a final report describing the  
4                   project, production, or workshop carried  
5                   out with the funding provided through the  
6                   grant and the compliance by the grant re-  
7                   cipient with the conditions of receipt of  
8                   such grant, including the condition that  
9                   the work assisted meet the standards of  
10                  artistic excellence and artistic merit; and

11                  “(iv) in the case of a project or pro-  
12                  duction, and if practicable, as determined  
13                  by the Chairperson, a copy of such project  
14                  or production.

15                  “(2) REPORT REQUIREMENTS.—The Chair-  
16                  person shall determine the appropriate form and  
17                  timing of interim reporting described in paragraph  
18                  (1)(C)(i) for a grant recipient under this title. The  
19                  reports and copy described in clauses (ii), (iii), and  
20                  (iv) of paragraph (1)(C) shall be due not later than  
21                  90 days after the end of the period for which such  
22                  grant recipient receives funding through the grant or  
23                  90 days after the completion of the project, produc-  
24                  tion, or workshop, whichever occurs earlier. The  
25                  Chairperson may extend the 90-day period if the re-

1        cipient shows good cause why such an extension  
2        should be granted.

3        “(c) EVALUATION.—The Chairperson shall conduct a  
4        post-award evaluation of activities for which grants are  
5        made by the Chairperson under this title. Such evaluation  
6        may include an audit to determine the accuracy of the re-  
7        ports required to be submitted by grant recipients under  
8        subsection (b).

9        “(d) REPORTS.—The Chairperson shall establish pro-  
10       cedures to require that no additional funding shall be pro-  
11       vided to a recipient of a grant authorized under this title  
12       unless such recipient has submitted to the Chairperson all  
13       required interim, financial, and final reports under sub-  
14       section (b).

15       **“SEC. 209. SANCTIONS AND PAYMENTS.**

16       “(a) FAILURE TO SATISFY PURPOSES.—If any recipi-  
17       ent of a grant made under this title, or an indirect recipi-  
18       ent of funding provided through the grant, substantially  
19       fails to satisfy the purposes for which such grant is made,  
20       as determined by the Chairperson, the Chairperson may—

21                “(1) for purposes of determining whether to  
22                make any subsequent funding to the direct or indi-  
23                rect recipient under this title, take into consideration  
24                the results of the post-award evaluation conducted  
25                under section 208(c);

1           “(2) prohibit the direct and indirect recipients  
 2           from using the name of, or in any way associating  
 3           the project, production, or workshop for which the  
 4           grant was received with, the Endowment; and

5           “(3) if such project, production, or workshop is  
 6           published, require that the publication contain the  
 7           following statement: ‘The opinions, findings, conclu-  
 8           sions, and recommendations expressed in this publi-  
 9           cation do not reflect the views of the National En-  
 10          dowment for the Arts.’.

11          “(b) NONCOMPLIANCE.—

12           “(1) IN GENERAL.—The Chairperson shall take  
 13           the actions described in paragraph (2) whenever the  
 14           Chairperson, after providing reasonable notice and  
 15           an opportunity for hearing, finds that—

16           “(A) a direct recipient of a grant under  
 17           this title, or an indirect recipient of funding  
 18           provided through the grant, is not complying  
 19           substantially with the provisions of this title;

20           “(B) a State agency or regional group that  
 21           received a grant under this title, or an indirect  
 22           recipient of funding provided through the grant,  
 23           is not complying substantially with the terms  
 24           and conditions of the State plan accompanying

1 the application approved for the grant under  
 2 this title; or

3 “(C) any funding provided under this title  
 4 to a recipient, State agency, or regional group  
 5 described in subparagraph (A) or (B) has been  
 6 diverted from the purposes for which such fund-  
 7 ing was provided.

8 “(2) ACTIONS.—On making the finding de-  
 9 scribed in paragraph (1), the Chairperson shall im-  
 10 mediately notify the direct recipient, State agency,  
 11 or regional group that received the funding at issue  
 12 that—

13 “(A) no further funding will be provided  
 14 under this title to such recipient, agency, or  
 15 group until there is no longer any default or  
 16 failure to comply or the diversion is corrected;  
 17 or

18 “(B) if compliance or correction is impos-  
 19 sible, until such recipient, agency, or group re-  
 20 pays or arranges the repayment of the Federal  
 21 funds that were improperly diverted or ex-  
 22 pended.

23 “(c) OBSCENE WORKS.—

24 “(1) DETERMINATION.—If, after providing rea-  
 25 sonable notice and opportunity for a hearing on the

1 record, the Chairperson determines that a direct re-  
2 cipient of a grant under this title, or an indirect re-  
3 cipient of funding provided through the grant, used  
4 the funding for a project, production, or workshop  
5 that is determined to be obscene, the Chairperson  
6 shall require that until the direct recipient repays  
7 such funding (in such amount, and under such  
8 terms and conditions, as the Chairperson determines  
9 to be appropriate) to the Endowment, no subsequent  
10 funding shall be provided under this title to such re-  
11 cipient.

12 “(2) CREDITING.—Funds repaid under this  
13 subsection to the Endowment shall be deposited in  
14 the Treasury of the United States and credited as  
15 miscellaneous receipts.

16 “(3) APPLICATION.—

17 “(A) TIMING.—This subsection shall not  
18 apply with respect to grants made before Octo-  
19 ber 1, 1990.

20 “(B) DURATION.—This subsection shall  
21 not apply with respect to a project, production,  
22 or workshop after the expiration of the 7-year  
23 period beginning on the latest date on which a  
24 grant is made under this title for such project,  
25 production, or workshop.



1 “(d) RECAPTURE.—

2 “(1) IN GENERAL.—A recipient of funding  
3 under this title shall pay the amount described in  
4 paragraph (2) to the Endowment if the Chairperson  
5 finds that the recipient has derived net program in-  
6 come in excess of the match required under the  
7 terms of the agreement from a commercially success-  
8 ful project, production, or workshop funded that ex-  
9 ceeds the lesser of—

10 “(A) \$50,000; or

11 “(B) twice the amount of the funding.

12 “(2) AMOUNT.—At the discretion of the Chair-  
13 person, the amount referred to in paragraph (1) is  
14 not less than  $\frac{1}{3}$  and not more than  $\frac{1}{2}$  of the  
15 amount of the net program income generated within  
16 5 years after the end of the grant period, but not  
17 more than the amount of the funding, unless the  
18 Chairperson has reached an agreement with the  
19 grantee upon the award of a grant that the amount  
20 referred to in paragraph (1) shall exceed the amount  
21 of the grant.

22 “(e) ACCOUNT.—Except as otherwise provided in this  
23 Act, the Treasurer of the United States shall deposit funds  
24 paid under subsection (d), or repaid under this Act, in

1 a special interest bearing account to the credit of the En-  
2 dowment.

3 **“SEC. 210. NATIONAL MEDAL OF ARTS AWARDS.**

4 “(a) NATIONAL MEDAL OF ARTS AWARDS.—

5 “(1) ESTABLISHMENT.—There is established a  
6 National Medal of Arts, which shall be a medal of  
7 such design as is determined to be appropriate by  
8 the President, on the basis of recommendations sub-  
9 mitted by the National Council on the Arts, and  
10 which shall be awarded as provided in this sub-  
11 section.

12 “(2) AWARDS.—The President shall from time  
13 to time award the National Medal of Arts, on the  
14 basis of recommendations from the National Council  
15 on the Arts, to individuals or groups who in the  
16 judgment of the President are deserving of special  
17 recognition by reason of their outstanding contribu-  
18 tions to the excellence, growth, support, and avail-  
19 ability of the arts in the United States.

20 “(3) NUMBER OF MEDALS.—Not more than 12  
21 of such medals may be awarded in any calendar  
22 year.

23 “(4) QUALIFICATIONS.—An individual may be  
24 awarded the National Medal of Arts if at the time

1       such award is made such individual meets the re-  
2       quirements of section 206(g).

3               “(5) GROUPS.—A group may be awarded the  
4       National Medal of Arts if such group is organized or  
5       incorporated in the United States.

6               “(6) CEREMONIES.—The presentation of the  
7       National Medal of Arts shall be made by the Presi-  
8       dent with such ceremonies as the President may de-  
9       termine to be appropriate, including attendance by  
10      appropriate Members of Congress.

11      “(b) FUNDS.—The Chairperson shall use amounts  
12      received by the National Endowment for the Arts under  
13      section 105(b)(1)(A) to carry out this section.

14      **“TITLE III—NATIONAL ENDOW-**  
15      **MENT FOR THE HUMANITIES**

16      **“SEC. 301. DEFINITIONS.**

17      “In this title:

18               “(1) PROJECT.—

19                       “(A) IN GENERAL.—The term ‘project’  
20                       means an activity organized to carry out the ob-  
21                       jectives of this title.

22                       “(B) RENOVATION OR CONSTRUCTION.—  
23                       Such term also includes—

24                               “(i) the renovation of a facility if—

1 “(I) the amount of the expendi-  
 2 ture of Federal funds for such pur-  
 3 pose in the case of any facility does  
 4 not exceed \$250,000; and

5 “(II) two-thirds of the members  
 6 of the National Council on the Hu-  
 7 manities (who are present and voting)  
 8 recommend a grant involving an ex-  
 9 penditure for such purpose; and

10 “(ii) for purposes of subsections (d)  
 11 and (e) of section 302, the construction of  
 12 a facility if—

13 “(I) such construction is for  
 14 demonstration purposes or under un-  
 15 usual circumstances in which there is  
 16 no other manner by which to accom-  
 17 plish a humanistic purpose; and

18 “(II) two-thirds of the members  
 19 of the National Council on the Hu-  
 20 manities (who are present and voting)  
 21 recommend a grant involving an ex-  
 22 penditure for such purpose.

23 “(2) WORKSHOP.—The term ‘workshop’ means  
 24 an activity the primary purpose of which is to pro-

1       mote scholarship and teaching among the partici-  
2       pants.

3       **“SEC. 302. ESTABLISHMENT OF THE NATIONAL ENDOW-**  
4       **MENT FOR THE HUMANITIES.**

5       “(a) ESTABLISHMENT.—There is established within  
6 the Foundation a National Endowment for the Human-  
7 ities (referred to in this title as the ‘Endowment’).

8       “(b) CHAIRPERSON.—

9               “(1) APPOINTMENT.—The Endowment shall be  
10       headed by a chairperson, to be known as the Chair-  
11       person of the Endowment (referred to in this title as  
12       the ‘Chairperson’), who shall be appointed by the  
13       President, by and with the advice and consent of the  
14       Senate.

15              “(2) TERM.—

16                   “(A) IN GENERAL.—The term of office of  
17       the Chairperson shall be 4 years, except that  
18       any Chairperson appointed to fill a vacancy  
19       shall serve for the remainder of the term for  
20       which the predecessor of the Chairperson was  
21       appointed. Notwithstanding any other provision  
22       of this subparagraph, on the expiration of the  
23       term of office of the Chairperson, the Chair-  
24       person shall serve until the successor to the  
25       Chairperson is appointed and has qualified.

1                   “(B) REAPPOINTMENT.—The Chairperson  
2                   shall be eligible for reappointment.

3                   “(c) PARTNERSHIP GRANTS.—

4                   “(1) PURPOSE.—The purpose of this subsection  
5                   is to support programs of humanities councils at the  
6                   State and local levels.

7                   “(2) DEFINITION.—

8                   “(A) IN GENERAL.—Except as provided in  
9                   subparagraph (B), in this subsection, the term  
10                  ‘State entity’ means—

11                   “(i) a State that obtains approval of  
12                   an application submitted under paragraph  
13                   (4); or

14                   “(ii) in a case in which a State fails  
15                   to submit an application under paragraph  
16                   (4), an appropriate entity that obtains ap-  
17                   proval of an application submitted under  
18                   paragraph (5).

19                   “(B) JURISDICTION.—

20                   “(i) STATE ENTITY.—In paragraph  
21                   (6)(C)(ii), the term ‘State entity’ means a  
22                   State entity, as defined in subparagraph  
23                   (A), for a State.

24                   “(ii) STATE.—In clause (i), and not-  
25                   withstanding section 3(8), the term ‘State’,

1 includes, in addition to the several States  
2 of the United States, only the jurisdictions  
3 specified in such section that have a popu-  
4 lation of 200,000 or more, according to the  
5 latest decennial census.

6 “(3) GENERAL AUTHORITY.—Using funds re-  
7 served under section 106(b)(1)(C), the Chairperson,  
8 acting on the recommendation of the National Coun-  
9 cil on the Humanities, is authorized, in accordance  
10 with the provisions of this subsection, to establish  
11 and carry out a program of grants to assist State  
12 entities—

13 “(A) in paying for not more than 50 per-  
14 cent of the cost (except as otherwise provided in  
15 this subsection) of supporting activities that  
16 achieve the objectives described in subpara-  
17 graphs (A) through (F) of subsection (d)(2)  
18 and in subparagraphs (A) and (B) of subsection  
19 (e)(2); or

20 “(B) in matching contributions from non-  
21 Federal sources made to a trust fund the pur-  
22 pose of which is to provide long-term financial  
23 support for such activities.

24 “(4) GRANTS THROUGH STATE AGENCIES.—

1           “(A) DESIGNATION.—In order to receive a  
 2           grant under this subsection for any fiscal year,  
 3           if a State desires to designate or to provide for  
 4           the establishment of a State agency (referred to  
 5           in this section as a ‘State agency’) as the sole  
 6           agency for the administration of the State plan  
 7           referred to in subparagraph (B) relating to the  
 8           grant, such State shall designate as the State  
 9           agency the humanities council or shall provide  
 10          for the establishment of such a council.

11          “(B) APPLICATION AND STATE PLAN.—In  
 12          any State that designates or provides for the  
 13          establishment of a State agency as described in  
 14          subparagraph (A), the chief executive officer of  
 15          the State shall submit, before the beginning of  
 16          each fiscal year, an application for a grant and  
 17          accompany such application with a State plan  
 18          that the Chairperson finds—

19               “(i) designates or provides for the es-  
 20               tablishment of a State agency;

21               “(ii) provides that the chief executive  
 22               officer of the State will appoint new mem-  
 23               bers to the State humanities council des-  
 24               ignated or established under subparagraph  
 25               (A), as vacancies occur as a result of the



1 expiration of the terms of members of such  
2 council, until the chief executive officer has  
3 appointed all of the members of such coun-  
4 cil;

5 “(iii) provides for the expenditure,  
6 from State funds, of an amount equal to  
7 50 percent of the portion of the funding  
8 received by such State through a grant  
9 made under paragraph (6)(A) (relating to  
10 the minimum State allotment), or 25 per-  
11 cent of the total amount of funding re-  
12 ceived by such State through grants made  
13 under this subsection, whichever is greater,  
14 for the fiscal year involved (except as oth-  
15 erwise provided in paragraph (7));

16 “(iv) provides that funds paid to the  
17 State under this subsection will be ex-  
18 pended solely on activities, approved by the  
19 State agency, that—

20 “(I) achieve the objectives de-  
21 scribed in subparagraphs (A) through  
22 (F) of subsection (d)(2) and subpara-  
23 graphs (A) and (B) of subsection  
24 (e)(2); and

1 “(II) are designed to bring the  
2 humanities to the public;

3 “(v) provides assurances that State  
4 funds will be made available for the pur-  
5 pose of meeting the requirements of this  
6 subparagraph;

7 “(vi) provides that the State agency  
8 will make such reports, in such manner  
9 and containing such information, as the  
10 Chairperson may from time to time re-  
11 quire, including a description of the  
12 progress made toward achieving the objec-  
13 tives of the State plan;

14 “(vii) provides—

15 “(I) an assurance that the State  
16 agency has held, after reasonable no-  
17 tice, public meetings in the State to  
18 allow the public, interested organiza-  
19 tions, and scholars to present views  
20 and make recommendations regarding  
21 the State plan; and

22 “(II) a summary of such rec-  
23 ommendations and of the response of  
24 the State agency to such recommenda-  
25 tions; and

1 “(viii) contains—

2 “(I) for the most recent preced-  
3 ing year for which information is  
4 available, a description of the extent  
5 to which the activities supported by  
6 funding from the State agency under  
7 this subsection were available to all  
8 people and communities in the State  
9 and a description of the level of par-  
10 ticipation by scholars and scholarly  
11 organizations in activities supported  
12 by funding from the State agency  
13 under this subsection; and

14 “(II) a description of activities  
15 supported by funding from the State  
16 agency under this subsection that  
17 exist or are being developed to ad-  
18 dress the availability of the human-  
19 ities to all people or communities de-  
20 scribed in subclause (I) or to secure  
21 wider participation of scholars and  
22 scholarly organizations described in  
23 subclause (I).

24 “(C) APPROVAL.—The Chairperson may  
25 not approve an application described in sub-

1 paragraph (B) unless the accompanying State  
2 plan satisfies the requirements specified in sub-  
3 paragraph (B).

4 “(5) GRANTS TO APPROPRIATE ENTITIES.—

5 “(A) DESIGNATION.—In any State in  
6 which the chief executive officer of the State  
7 fails to submit an application under paragraph  
8 (4)(B) for a fiscal year, the Chairperson may  
9 make grants under paragraph (3) to an appro-  
10 priate entity in the State, and each such entity  
11 shall establish a procedure that ensures that 8  
12 members of the governing body of such entity  
13 shall be appointed by an appropriate officer or  
14 agency of such State, except that in no event  
15 may the number of such members exceed  $\frac{1}{3}$  of  
16 the total membership of such governing body.  
17 The officer or agency shall select the members  
18 from among individuals who have knowledge of  
19 or experience in the humanities.

20 “(B) APPLICATION AND PLAN.—If a State  
21 fails to submit an application under paragraph  
22 (4)(B) for a fiscal year, any appropriate entity  
23 in the State desiring to receive a grant under  
24 this subsection for the fiscal year shall submit  
25 an application for such grant at such time and

1 in such manner as shall be specified by the  
2 Chairperson, and accompany such application  
3 with a State plan that the Chairperson finds—

4 “(i) provides assurances that such en-  
5 tity will comply with the requirements of  
6 subparagraph (A);

7 “(ii) provides that funds paid to such  
8 entity under this paragraph will be ex-  
9 pended solely on activities that—

10 “(I) achieve the objectives de-  
11 scribed in subparagraphs (A) through  
12 (F) of subsection (d)(2) and subpara-  
13 graphs (A) and (B) of subsection  
14 (e)(2); and

15 “(II) are designed to bring the  
16 humanities to the public;

17 “(iii) establishes a membership policy  
18 that is designed to ensure broad public  
19 representation with respect to activities ad-  
20 ministered by such entity;

21 “(iv) provides for a nomination proc-  
22 ess that ensures opportunities for nomina-  
23 tion to membership in the governing body  
24 from various groups in such State and  
25 from a variety of segments of the popu-

1           lation of such State, including individuals  
2           who by reason of their achievement, schol-  
3           arship, or creativity in the humanities, are  
4           especially qualified to serve as members of  
5           the body;

6           “(v) provides for a membership rota-  
7           tion process that ensures the regular rota-  
8           tion of the membership and officers of  
9           such entity;

10          “(vi) establishes reporting procedures  
11          that are designed to inform the chief exec-  
12          utive officer of such State, and other ap-  
13          propriate officers and agencies, of the ac-  
14          tivities of such entity;

15          “(vii) establishes procedures to ensure  
16          public access to information relating to  
17          such activities;

18          “(viii) provides that such entity will  
19          make such reports, at such times, in such  
20          manner, and containing such information,  
21          as the Chairperson may require, including  
22          a description of the progress made toward  
23          achieving the objectives of the State plan;

24          “(ix) provides—

1           “(I) an assurance that the entity  
2           has held, after reasonable notice, pub-  
3           lic meetings in the State to allow the  
4           public, interested organizations, and  
5           scholars to present views and make  
6           recommendations regarding the State  
7           plan; and

8           “(II) a summary of such rec-  
9           ommendations and of the response of  
10          the entity to such recommendations;  
11          and

12          “(x) contains—

13               “(I) for the most recent preced-  
14               ing year for which information is  
15               available, a description of the extent  
16               to which activities supported by fund-  
17               ing from the entity under this sub-  
18               section were available to all people  
19               and communities in the State and a  
20               description of the level of participation  
21               by scholars and scholarly organiza-  
22               tions in activities supported by fund-  
23               ing from the entity under this sub-  
24               section; and

1                   “(II) a description of activities  
 2                   supported by funding from the entity  
 3                   under this subsection that exist or are  
 4                   being developed to address the avail-  
 5                   ability of the humanities to all people  
 6                   or communities described in subclause  
 7                   (I) or to secure wider participation of  
 8                   scholars and scholarly organizations  
 9                   described in subclause (I).

10                   “(C) APPROVAL.—The Chairperson may  
 11                   not approve an application described in sub-  
 12                   paragraph (B) unless the accompanying plan  
 13                   satisfies the requirements specified in subpara-  
 14                   graph (B).

15                   “(6) ALLOTMENTS.—

16                   “(A) IN GENERAL.—Of the sums available  
 17                   to carry out this subsection for any fiscal year,  
 18                   each State entity shall be allotted at least  
 19                   \$200,000.

20                   “(B) INSUFFICIENT SUMS.—If the sums  
 21                   available to carry out this subsection for any  
 22                   fiscal year are insufficient to make the allot-  
 23                   ments under subparagraph (A) in full, such  
 24                   sums shall be allotted so that each State entity  
 25                   receives an equal amount.



1           “(C) EXCESS FUNDS.—In any case in  
 2           which the sums available to carry out this sub-  
 3           section for any fiscal year are in excess of the  
 4           amount required to make the allotments under  
 5           subparagraph (A)—

6                   “(i) 34 percent of the amount of such  
 7                   excess for such fiscal year shall be avail-  
 8                   able to the Chairperson for making grants  
 9                   under this subsection to State entities;

10                   “(ii) 44 percent of the amount of such  
 11                   excess for such fiscal year shall be allotted  
 12                   so that each State entity receives an equal  
 13                   amount; and

14                   “(iii) the remainder of the amount of  
 15                   such excess for such fiscal year shall be al-  
 16                   lotted so that each State entity receives an  
 17                   amount that bears the same ratio to such  
 18                   remainder as the population of the State  
 19                   for which the application is approved bears  
 20                   to the population of all the States.

21           “(7) LIMITATIONS.—

22                   “(A) FEDERAL SHARE.—

23                   “(i) IN GENERAL.—Funding provided  
 24                   through a grant made under this sub-  
 25                   section to a State entity for any fiscal year

1 shall be available to each State entity that  
2 has an application approved by the Chair-  
3 person, and has the State plan accompany-  
4 ing the application in effect on the first  
5 day of such fiscal year, to pay not more  
6 than 50 percent of the total cost of carry-  
7 ing out any activity described in paragraph  
8 (3).

9 “(ii) EXCESS PORTION.—Except as  
10 provided in clause (iii), the portion of the  
11 funding provided through any grant made  
12 under paragraph (6)(A) to a State entity  
13 for any fiscal year that exceeds \$125,000  
14 shall be available, at the discretion of the  
15 Chairperson, to pay not more than 100  
16 percent of such cost of carrying out an ac-  
17 tivity under this subsection if such activity  
18 would be unavailable to the residents of  
19 the State without such portion.

20 “(iii) PERCENTAGE OF GRANT  
21 FUNDS.—The portion of the funding de-  
22 scribed in clause (ii) for any fiscal year  
23 that is available to pay not more than 100  
24 percent of such cost, as described in clause  
25 (ii), shall not exceed 20 percent of the total

1 of the funding provided through such grant  
2 for such fiscal year.

3 “(B) PROHIBITION ON SUPPLANTING NON-  
4 FEDERAL FUNDS.—Funds made available under  
5 this subsection shall be used to supplement, and  
6 shall not supplant, non-Federal funds expended  
7 for supporting activities described in paragraph  
8 (3).

9 “(8) UNOBLIGATED FUNDS.—Any amount al-  
10 lotted to a State entity under paragraph (6) for any  
11 fiscal year that is not obligated by the State entity  
12 earlier than 60 days prior to the end of the fiscal  
13 year for which the amount is appropriated shall be  
14 available for making grants under subsections (d)  
15 and (e).

16 “(9) LIMITATION ON MULTIPLE ENTITIES.—  
17 The Chairperson may not make grants under this  
18 subsection to more than 1 entity in any State.

19 “(d) NATIONAL GRANTS.—

20 “(1) PURPOSE.—The purpose of this subsection  
21 is to provide support for grants to groups, individ-  
22 uals, and State agencies or entities to carry out ac-  
23 tivities relating to education and the public human-  
24 ities that have a national audience and are of na-  
25 tional significance, such as activities relating to edu-

1 cation in the humanities, media projects, projects in  
 2 museums and by historical organizations, projects in  
 3 libraries and archives, public humanities projects,  
 4 endowment building, and technology activities.

5 “(2) GENERAL AUTHORITY.—Using funds re-  
 6 served under section 106(b)(1)(D), the Chairperson,  
 7 acting on the recommendation of the National Coun-  
 8 cil on the Humanities, may establish and carry out  
 9 a program of grants to groups, or in appropriate  
 10 cases individuals, who or which meet the standard of  
 11 excellence in the humanities and significance in the  
 12 humanities, or State agencies or entities, to pay for  
 13 the Federal share of the cost of activities, in accord-  
 14 ance with subsection (f), to—

15 “(A) develop and encourage the pursuit of  
 16 a national policy to further the public good  
 17 through public funding of the humanities;

18 “(B) initiate and support research and  
 19 programs to strengthen the research and teach-  
 20 ing potential of the United States in the hu-  
 21 manities;

22 “(C) foster the exchange of information in  
 23 the humanities;

24 “(D) foster education in, and public under-  
 25 standing and appreciation of, the humanities;

1           “(E) support projects that foster or pro-  
2 mote literacy;

3           “(F) ensure that the benefit of the pro-  
4 grams of the Endowment will also be available  
5 to the citizens of the United States where such  
6 programs would otherwise be unavailable due to  
7 geographic or economic reasons;

8           “(G) enable the groups to increase the lev-  
9 els of continuing support and to increase the  
10 range of contributors to the program of the  
11 groups;

12           “(H) provide administrative and manage-  
13 ment improvements for the groups, particularly  
14 in the field of long-range financial planning;

15           “(I) enable the groups to increase audience  
16 participation in, and appreciation of, programs  
17 sponsored by the groups;

18           “(J) develop new sources of long-term sup-  
19 port for educational, scholarly, and public pro-  
20 grams in the humanities, including renovating  
21 or constructing facilities, augmenting or estab-  
22 lishing endowment funds, and purchasing cap-  
23 ital equipment to ensure financial stability;

24           “(K) stimulate greater cooperation among  
25 the groups especially designed to serve better

1 the communities in which the groups are lo-  
 2 cated; and

3 “(L) foster greater citizen involvement in  
 4 planning the cultural development of a commu-  
 5 nity.

6 “(e) RESEARCH AND SCHOLARSHIP GRANTS.—

7 “(1) PURPOSE.—The purpose of this subsection  
 8 is to encourage the development and dissemination  
 9 of significant scholarship in the humanities by  
 10 groups, individuals, and State agencies or entities by  
 11 such means as fellowships for college and university  
 12 faculty and independent scholars, dissertation  
 13 grants, summer stipends, and funds for scholarly  
 14 publications, reference materials, basic research, in-  
 15 stitutional programs, and preservation.

16 “(2) GENERAL AUTHORITY.—Using funds re-  
 17 served under section 106(b)(1)(E), the Chairperson,  
 18 acting on the recommendation of the National Coun-  
 19 cil on the Humanities, may establish and carry out  
 20 a program of grants to groups, individuals, State  
 21 agencies, and State entities for the purpose of pay-  
 22 ing for the Federal share of the cost, in accordance  
 23 with subsection (f), of—

24 “(A) initiating and supporting (including  
 25 supporting through fellowships) training, work-

1 shops, programs, research, and publications, in  
2 the humanities, that have substantial scholarly  
3 and cultural significance and that reach or re-  
4 flect the cultural heritage of the United States;

5 “(B) fostering projects that provide access  
6 to, and preserving materials important to re-  
7 search, education, and public understanding re-  
8 garding, the humanities;

9 “(C) enabling the groups to increase the  
10 levels of continuing support and to increase the  
11 range of contributors to the program of the  
12 groups;

13 “(D) providing administrative and manage-  
14 ment improvements for the groups, particularly  
15 in the field of long-range financial planning;  
16 and

17 “(E) developing new sources of long-term  
18 support for educational, scholarly, and public  
19 programs in the humanities, including renovat-  
20 ing or constructing facilities, augmenting or es-  
21 tablishing endowment funds, and purchasing  
22 capital equipment to ensure financial stability.

23 “(3) TRAINING; WORKSHOPS; RESEARCH.—A  
24 fellowship awarded to an individual under paragraph  
25 (2)(A) may be used for the purpose of supporting

1 study or research at an appropriate nonprofit insti-  
 2 tution selected by the individual, for a stated period  
 3 of time. The total amount of any grant under para-  
 4 graph (2)(A) to any group engaging in workshop ac-  
 5 tivities for which an admission or other charge is  
 6 made to the general public shall not exceed 30 per-  
 7 cent of the total cost of such activities.

8 “(4) CONSIDERATIONS.—In selecting a group  
 9 or individual as a recipient of a grant to be made  
 10 under this subsection, the Chairperson shall give  
 11 particular regard to scholars, and educational and  
 12 cultural institutions, that traditionally have been  
 13 underrepresented in the humanities.

14 “(f) FEDERAL SHARE AND NON-FEDERAL SHARE  
 15 FOR NATIONAL GRANTS AND RESEARCH AND SCHOLAR-  
 16 SHIP GRANTS.—

17 “(1) FEDERAL SHARE.—

18 “(A) IN GENERAL.—Except as provided in  
 19 paragraph (3), and subject to subparagraph  
 20 (B), the Federal share described subsection  
 21 (d)(2) or (e)(2) shall be determined by the  
 22 Chairperson, after recommendation from the  
 23 Council.

24 “(B) SPECIAL RULE.—With respect to a  
 25 fiscal year, the Chairperson shall ensure that



1 the aggregate amount of funding provided by  
2 the Chairperson through grants under sub-  
3 sections (d)(2) and (e)(2) for that fiscal year  
4 shall equal the aggregate amount of non-Fed-  
5 eral contributions made for that fiscal year, in  
6 accordance with paragraph (2), by recipients of  
7 grants awarded under subsections (d)(2) and  
8 (e)(2).

9 “(2) NON-FEDERAL SHARE.—

10 “(A) IN GENERAL.—Except as provided in  
11 paragraph (3) and subject to subparagraph (B),  
12 the Chairperson shall have the discretion in de-  
13 termining the amount of non-Federal contribu-  
14 tion that a recipient of a grant under sub-  
15 section (d)(2) or (e)(2) shall be required to  
16 make toward the cost of an activity funded  
17 under the grant.

18 “(B) SPECIAL RULE.—With respect to a  
19 fiscal year, the Chairperson shall ensure that  
20 the aggregate amount of non-Federal contribu-  
21 tions provided by recipients of grants under  
22 subsections (d)(2) and (e)(2) for that fiscal  
23 year shall equal the aggregate amount of fund-  
24 ing that the Chairperson provided through

1 grants under subsections (d)(2) and (e)(2) for  
 2 that fiscal year.

3 “(3) SPECIAL RULES FOR ACTIVITIES RELATING  
 4 TO NEW SOURCES OF LONG-TERM SUPPORT.—

5 “(A) FEDERAL SHARE.—The Federal  
 6 share described in subsection (d)(2) or (e)(2)  
 7 for an activity described in subsection (d)(2)(J)  
 8 or (e)(2)(E) shall be an amount equal to 25  
 9 percent of the cost of the activity.

10 “(B) NON-FEDERAL SHARE.—A recipient  
 11 that receives a grant under subsection (d) to  
 12 carry out an activity described in paragraph  
 13 (2)(J) of such subsection, or subsection (e) to  
 14 carry out an activity described in paragraph  
 15 (2)(E) of such subsection, shall make available  
 16 non-Federal contributions toward the costs of  
 17 the activity in an amount equal to 75 percent  
 18 of such costs (\$3 for each \$1 of Federal funds  
 19 provided in the grant).

20 **“SEC. 303. APPLICATION PROCEDURES.**

21 “To be eligible to receive a grant under this title, a  
 22 State, group, individual, agency, or, organization shall  
 23 submit an application to the Chairperson at such time,  
 24 in such manner, and containing such information as the  
 25 Chairperson may prescribe.

1 **“SEC. 304. REVIEW PANELS.**

2       “The Chairperson may select panels of experts under  
3 section 307(a)(3) to review and make recommendations  
4 with respect to the approval of applications for grants au-  
5 thorized under this title. In selecting the panels, the Chair-  
6 person shall appoint individuals who have exhibited exper-  
7 tise and leadership in the field under review, who broadly  
8 represent diverse humanistic perspectives and geographic  
9 factors, and who broadly represent cultural diversity.

10 **“SEC. 305. NATIONAL COUNCIL ON THE HUMANITIES.**

11       “(a) ESTABLISHMENT.—There is established within  
12 the Endowment a National Council on the Humanities (re-  
13 ferred to in this section as the ‘Council’).

14       “(b) COMPOSITION.—

15               “(1) IN GENERAL.—The Council shall be com-  
16 posed of the Chairperson of the Endowment, who  
17 shall be the Chairperson of the Council, and 20  
18 other members appointed by the President, by and  
19 with the advice and consent of the Senate, who shall  
20 be selected—

21                       “(A) from among private citizens of the  
22 United States who—

23                               “(i) are recognized for their broad  
24 knowledge of, or expertise in, the human-  
25 ities; and

1                   “(ii) have established records of dis-  
2                   tinguished service, or achieved eminence, in  
3                   the humanities;

4                   “(B) so as to include scholars and others  
5                   who are professionally engaged in the human-  
6                   ities; and

7                   “(C) so as collectively to provide an appro-  
8                   priate distribution of members among the major  
9                   humanities fields.

10                  “(2) QUALIFICATIONS.—The President may, in  
11                  making such appointments, give consideration to  
12                  such recommendations as may, from time to time, be  
13                  submitted to the President by leading national orga-  
14                  nizations in the major humanities fields. In making  
15                  such appointments, the President shall give due re-  
16                  gard to equitable representation of women, racially  
17                  and ethnically diverse individuals, and individuals  
18                  with disabilities, who are involved in the humanities.  
19                  Members of the Council shall be appointed so as to  
20                  represent equitably geographical areas in the United  
21                  States.

22                  “(c) TERMS.—

23                  “(1) IN GENERAL.—

1           “(A) STAGGERED TERMS.—Each member  
2 of the Council shall serve for a term of 6 years,  
3 and the terms shall be staggered.

4           “(B) EXPIRATION.—Except as provided in  
5 paragraph (2), the terms of all Council mem-  
6 bers shall expire on the third day of September  
7 in the year of expiration.

8           “(C) REAPPOINTMENT AFTER PARTIAL  
9 TERM.—Each member who has served on the  
10 Council for 1 term of less than 3 years shall be  
11 eligible for reappointment for 1 term of 6 years.

12           “(D) VACANCY APPOINTMENTS.—Any  
13 member appointed to fill a vacancy shall serve  
14 for the remainder of the term for which the  
15 predecessor of the member was appointed.

16           “(E) HOLDOVER SERVICE.—Notwithstand-  
17 ing any other provision of this subsection, a  
18 member of the Council shall serve after the ex-  
19 piration of the term of the member until the  
20 successor to the member takes office.

21           “(2) ADJUSTMENT TO REDUCE COUNCIL.—

22           “(A) MEMBERS WHOSE TERMS EXPIRED IN  
23 1996 BUT CONTINUE TO SERVE.—

24           “(i) IN GENERAL.—The terms of 6  
25 members of the Council whose terms ex-

1           pired on September 3, 1996 and who con-  
 2           tinue to serve because a successor has not  
 3           been appointed shall be deemed to expire  
 4           on the date of enactment of the Arts and  
 5           Humanities Amendments of 1997.

6           “(ii) SUCCESSORS.—The President  
 7           shall appoint 3 members of the Council to  
 8           succeed members whose terms are deemed  
 9           to expire as described in clause (i).

10          “(B) MEMBERS WHOSE TERMS EXPIRE IN  
 11          2000.—

12          “(i) IN GENERAL.—The terms of 2  
 13          members of the Council whose terms expire  
 14          on September 3, 2000 shall be deemed to  
 15          expire on September 3, 2002.

16          “(ii) SUCCESSORS.—The President  
 17          shall not appoint any members to succeed  
 18          the members whose terms are deemed to  
 19          expire as described in clause (i).

20          “(d) COMPENSATION.—Members of the Council shall  
 21          receive compensation at a rate to be fixed by the Chair-  
 22          person but not to exceed the daily equivalent of the maxi-  
 23          mum rate authorized for a position above grade GS–15  
 24          of the General Schedule under section 5108 of title 5,  
 25          United States Code, and be allowed travel expenses includ-

1 ing per diem in lieu of subsistence, as authorized under  
2 section 5703 of title 5, United States Code, for persons  
3 employed intermittently in Federal Government service.

4 “(e) MEETINGS AND DUTIES.—

5 “(1) MEETINGS.—The Council shall meet at  
6 the call of the Chairperson but not less often than  
7 twice during each calendar year. Eleven members of  
8 the Council shall constitute a quorum.

9 “(2) DUTIES.—The Council shall—

10 “(A) advise the Chairperson with respect  
11 to policies, programs, and procedures for carry-  
12 ing out the functions of the Chairperson under  
13 this title; and

14 “(B) review applications for grants author-  
15 ized under this title and make recommendations  
16 to the Chairperson with respect to the approval  
17 of each application.

18 “(f) ACTIONS BY CHAIRPERSON.—

19 “(1) IN GENERAL.—The Chairperson shall not  
20 approve or disapprove any application for a grant  
21 authorized under this title until the Chairperson has  
22 received the recommendation of the Council on such  
23 application, unless the Council fails to make a rec-  
24 ommendation on the application within a reasonable  
25 time.

1           “(2) DELEGATIONS.—In the case of an applica-  
 2           tion submitted under this title and involving \$35,000  
 3           or less, the Chairperson may approve or disapprove  
 4           such application if such action is taken pursuant to  
 5           the terms of an express and direct delegation of au-  
 6           thority from the Council to the Chairperson, and if  
 7           each such action by the Chairperson is reviewed by  
 8           the Council. The terms of any such delegation of au-  
 9           thority shall not permit obligations for expenditure  
 10          of funds under such delegation for any fiscal year  
 11          that exceed an amount equal to 3 percent of the  
 12          sums appropriated for the fiscal year pursuant to  
 13          section 106(b)(1)(A).

14   **“SEC. 306. LIMITATIONS ON GRANTS.**

15          “(a) CRITERIA FOR ELIGIBILITY FOR GRANTS.—

16               “(1) DEFINITIONS.—In this subsection:

17                   “(A) PRODUCTION ENTITY.—The term  
 18                   ‘production entity’ means any partnership, cor-  
 19                   poration, business enterprise, or other organiza-  
 20                   tion engaged in the production of a film or pub-  
 21                   lication.

22                   “(B) GROUP.—The term ‘group’ includes  
 23                   any State or local government, State or local  
 24                   public agency, Indian tribe, or nonprofit asso-  
 25                   ciation, organization, institution, or society.



1           “(C) NATIONAL OF THE UNITED  
 2 STATES.—The term ‘national of the United  
 3 States’ means a citizen of the United States or  
 4 a person who owes permanent allegiance to the  
 5 United States.

6           “(2) CRITERIA.—The Chairperson, with the ad-  
 7 vice of the National Council on the Humanities,  
 8 shall establish criteria for eligibility for grants made  
 9 under this title. The criteria shall provide the follow-  
 10 ing:

11           “(A) GROUP.—A group shall be eligible to  
 12 receive a grant under this title if—

13           “(i) no part of the net earnings of the  
 14 group inures to the benefit of any private  
 15 stockholder, or individual; and

16           “(ii) a donation to such group is al-  
 17 lowable as a charitable contribution under  
 18 section 170(c) of the Internal Revenue  
 19 Code of 1986.

20           “(B) PRODUCTION ENTITY.—A production  
 21 entity that is a nonprofit group shall be eligible  
 22 to receive a grant under this title if the Chair-  
 23 person, with the advice of the National Council  
 24 on the Humanities, determines that providing  
 25 such a grant will significantly advance the

1 knowledge or understanding of the humanities  
2 in the United States.

3 “(C) INDIVIDUAL.—An individual shall be  
4 eligible to receive a grant under this title if—

5 “(i) the individual is a citizen or na-  
6 tional of the United States; and

7 “(ii) the Chairperson, with the advice  
8 of the National Council on the Humanities,  
9 determines that providing the grant will  
10 significantly advance the knowledge or un-  
11 derstanding of the humanities in the Unit-  
12 ed States.

13 “(b) ADMISSION CHARGES.—No grant shall be made  
14 under this title for an activity (other than an activity con-  
15 ducted by a school, college, or university) for which a di-  
16 rect or an indirect admission charge is requested if the  
17 proceeds, after deducting reasonable costs, are used for  
18 purposes other than assisting the grant recipient to de-  
19 velop high standards of scholarly excellence or encourage  
20 greater appreciation of the humanities by the citizens of  
21 the United States.

22 “(c) LABOR STANDARDS.—The provisions of section  
23 206(d) shall apply to activities financed under this title  
24 in the same manner and to the same extent as the provi-  
25 sions apply to activities financed under title II.

1   **“SEC. 307. ADMINISTRATIVE PROVISIONS.**

2       “(a) AUTHORITIES OF CHAIRPERSON.—In addition  
3 to any authorities vested in the Chairperson by other pro-  
4 visions of this Act, the Chairperson, in carrying out the  
5 functions of the Chairperson, shall have authority—

6           “(1) to prescribe such regulations and proce-  
7 dures as the Chairperson determines to be nec-  
8 essary, governing the manner in which the functions  
9 of the Chairperson shall be carried out;

10          “(2) to appoint and determine the compensa-  
11 tion of such employees, subject to title 5, United  
12 States Code, as may be necessary to carry out the  
13 functions of the Chairperson, to define the duties of  
14 such employees, and to supervise and direct the ac-  
15 tivities of such employees;

16          “(3) to procure the temporary and intermittent  
17 services of experts and consultants, including panels  
18 of experts, and compensate the experts and consult-  
19 ants in accordance with section 3109 of title 5,  
20 United States Code;

21          “(4) to accept and utilize the voluntary services  
22 of individuals and reimburse the individuals for trav-  
23 el expenses, including per diem in lieu of subsist-  
24 ence, in the same amounts and to the same extent  
25 as authorized under section 5703 of title 5, United

1 States Code, for persons employed intermittently in  
2 Federal Government service;

3 “(5) to make advance, progress, and other pay-  
4 ments without regard to section 3324 of title 31,  
5 United States Code;

6 “(6) to rent office space in the District of Co-  
7 lumbia; and

8 “(7) to make other necessary expenditures.

9 “(b) PUBLICATIONS.—Official publications of the En-  
10 dowment under this title may be supported without regard  
11 to the provisions of section 501 of title 44, United States  
12 Code, if the Chairperson consults with the Joint Commit-  
13 tee on Printing of the Congress.

14 “(c) COORDINATION.—The Chairperson shall coordi-  
15 nate the programs of the Endowment, insofar as prac-  
16 ticable, with other Federal programs, programs of des-  
17 ignated State humanities agencies, and programs under-  
18 taken by other public agencies or private groups, and shall  
19 develop the programs of the Endowment with due regard  
20 to the contribution to the objectives of this title that can  
21 be made by other Federal agencies under the existing pro-  
22 grams. The Chairperson may enter into interagency agree-  
23 ments to promote or assist with the humanities-related ac-  
24 tivities of other Federal agencies, on a reimbursable or  
25 nonreimbursable basis, and may use funds authorized to

1 be appropriated to carry out this title to pay for the costs  
 2 of such promotion or assistance.

3 **“SEC. 308. REPORTS.**

4       “(a) ANNUAL REPORT OF CHAIRPERSON.—The  
 5 Chairperson shall submit an annual report to the Presi-  
 6 dent for submission to the appropriate committees of Con-  
 7 gress on or before the 15th day of April of each year. The  
 8 report shall summarize the activities of the Endowment  
 9 for the preceding year, and may include such evaluations  
 10 and other reports as the Chairperson determines to be ap-  
 11 propriate.

12       “(b) FINANCIAL REPORTS AND COMPLIANCE.—

13               “(1) IN GENERAL.—It shall be a condition of  
 14 the receipt of a grant made under this title by the  
 15 Chairperson that each such grant recipient agree to  
 16 and comply with requirements to submit to the  
 17 Chairperson—

18                       “(A) financial reports containing such in-  
 19 formation as the Chairperson determines to be  
 20 necessary to ensure that the funding provided  
 21 through the grant is expended in accordance  
 22 with the terms and conditions under which the  
 23 grant is made;

24                       “(B) a report describing the activity car-  
 25 ried out with the funding provided through the

1 grant and the compliance by the grant recipient  
2 with the conditions of receipt of such grant, in-  
3 cluding the condition that the work assisted  
4 meets the standards of excellence in humanities  
5 and significance in the humanities; and

6 “(C) if practicable, as determined by the  
7 Chairperson, a copy of the work resulting from  
8 the activity.

9 “(2) REPORTS.—The reports and copy de-  
10 scribed in paragraph (1) shall be due not later than  
11 90 days after the end of the period for which such  
12 grant recipient receives funding through the grant or  
13 90 days after the completion of the work, whichever  
14 occurs earlier. The Chairperson may extend the 90-  
15 day period if the recipient shows good cause why  
16 such an extension should be granted.

17 “(c) EVALUATION.—The Chairperson shall conduct a  
18 post-award evaluation of activities for which grants are  
19 made by the Chairperson under this title. Such evaluation  
20 may include an audit to determine the accuracy of the re-  
21 ports required to be submitted by grant recipients under  
22 subsection (b).

23 “(d) ANNUAL REPORT OF NATIONAL COUNCIL ON  
24 THE HUMANITIES.—

1           “(1) IN GENERAL.—The National Council on  
 2           the Humanities may submit an annual report to the  
 3           President for submission to the appropriate commit-  
 4           tees of Congress on or before the 15th day of April  
 5           of each year.

6           “(2) CONTENTS.—The report shall include writ-  
 7           ten records summarizing—

8                   “(A) all meetings and discussions of the  
 9           Council; and

10                   “(B) recommendations made by the Coun-  
 11           cil to the Chairperson.

12           “(3) PRIVACY.—The Council shall ensure that  
 13           the information contained in the report will be pre-  
 14           sented in a manner that protects the privacy of indi-  
 15           vidual applicants for grants authorized under this  
 16           title and Council members.

17   **“SEC. 309. SANCTIONS AND PAYMENTS.**

18           “(a) FAILURE TO SATISFY PURPOSES.—If any recip-  
 19           ient of a grant made under this title, or an indirect recipi-  
 20           ent of funding provided through the grant, substantially  
 21           fails to satisfy the purposes for which such grant is made,  
 22           as determined by the Chairperson, the Chairperson may—

23                   “(1) for purposes of determining whether to  
 24           make any subsequent funding to the direct or indi-  
 25           rect recipient under this title, take into consideration

1 the results of the post-award evaluation conducted  
 2 under section 308(c);

3 “(2) prohibit the direct and indirect recipients  
 4 from using the name of, or in any way associating  
 5 the project, production, or workshop for which the  
 6 grant was received with, the Endowment; and

7 “(3) if such project, production, or workshop is  
 8 published, require that the publication contain the  
 9 following statement: ‘The opinions, findings, conclu-  
 10 sions, and recommendations expressed in this publi-  
 11 cation do not reflect the views of the National En-  
 12 dowment for the Humanities.’.

13 “(b) NONCOMPLIANCE.—

14 “(1) IN GENERAL.—The Chairperson shall take  
 15 the actions described in paragraph (2) whenever the  
 16 Chairperson, after providing reasonable notice and  
 17 an opportunity for hearing, finds that—

18 “(A) a direct recipient of a grant under  
 19 this title, or an indirect recipient of funding  
 20 provided through the grant, is not complying  
 21 substantially with the provisions of this title;

22 “(B) a State agency or entity that received  
 23 a grant under this title, or an indirect recipient  
 24 of funding provided through the grant, is not  
 25 complying substantially with terms and condi-



1           tions of the State plan accompanying the appli-  
 2           cation approved for the grant under this title;  
 3           or

4           “(C) any funding provided under this title  
 5           to a recipient or State agency or entity de-  
 6           scribed in subparagraph (A) or (B) has been di-  
 7           verted from the purposes for which such fund-  
 8           ing was provided.

9           “(2) ACTIONS.—On making the finding de-  
 10          scribed in paragraph (1), the Chairperson shall im-  
 11          mediately notify the direct recipient, or State agency  
 12          or entity, that received the funding at issue that—

13           “(A) no further funding will be provided  
 14           under this title to such recipient or State agen-  
 15           cy or entity until there is no longer any default  
 16           or failure to comply or the diversion is cor-  
 17           rected; or

18           “(B) if compliance or correction is impos-  
 19           sible, until such recipient or State agency or en-  
 20           tity repays or arranges the repayment of the  
 21           Federal funds that were improperly diverted or  
 22           expended.

23          “(c) RECAPTURE.—

24           “(1) IN GENERAL.—A recipient of funding  
 25          under this title shall pay the amount described in

1 paragraph (2) to the Endowment if the Chairperson  
 2 finds that the recipient has derived net program in-  
 3 come in excess of the match required under the  
 4 terms of the agreement from the commercially suc-  
 5 cessful activities funded that exceeds the lesser of—

6 “(A) \$50,000; or

7 “(B) twice the amount of the funding.

8 “(2) AMOUNT.—At the discretion of the Chair-  
 9 person, the amount referred to in paragraph (1) is  
 10 not less than  $\frac{1}{3}$  and not more than  $\frac{1}{2}$  of the  
 11 amount of the net program income generated within  
 12 5 years after the end of the grant period, but not  
 13 more than the amount of the funding, unless the  
 14 Chairperson has reached an agreement with the  
 15 grantee upon the award of a grant that the amount  
 16 referred to in paragraph (1) shall exceed the amount  
 17 of the grant.

18 “(d) ACCOUNT.—Except as otherwise provided in this  
 19 Act, the Treasurer of the United States shall deposit funds  
 20 paid under subsection (c), or repaid under this Act, in a  
 21 special interest bearing account to the credit of the En-  
 22 dowment.

23 **“SEC. 310. AWARDS.**

24 “(a) JEFFERSON LECTURE IN THE HUMANITIES  
 25 AWARD.—The Chairperson may award annually the Jef-

1 ferson Lecture in the Humanities Award to 1 individual  
2 for distinguished intellectual achievement in the human-  
3 ities. Each such award shall not exceed \$10,000.

4 “(b) NATIONAL HUMANITIES MEDAL.—

5 “(1) IN GENERAL.—The President may award  
6 the National Humanities Medal to individuals or  
7 groups whose work—

8 “(A) has expanded the understanding of  
9 citizens of the United States in the area of hu-  
10 manities;

11 “(B) has broadened such citizens engage-  
12 ment with the humanities; or

13 “(C) has helped preserve and expand the  
14 access of such citizens to important resources in  
15 the humanities.

16 “(2) NUMBER OF MEDALS.—Not more than 12  
17 of such medals may be awarded in any calendar  
18 year.

19 “(3) CEREMONIES.—The presentation of the  
20 National Humanities Medal shall be made by the  
21 President with such ceremonies as the President  
22 may determine to be appropriate, including attend-  
23 ance by appropriate Members of Congress.”.

1 **SEC. 102. CONFORMING AMENDMENTS.**

2 Section 8G of the Inspector General Act of 1978 (5  
3 U.S.C. App.) is amended—

4 (1) in subsection (a)—

5 (A) in paragraph (2), by striking “the Na-  
6 tional Endowment for the Arts, the National  
7 Endowment for the Humanities,” and inserting  
8 “the portion of the National Foundation on the  
9 Arts and the Humanities consisting of the Na-  
10 tional Endowment for the Arts and the Na-  
11 tional Endowment for the Humanities,”; and

12 (B) in paragraph (4)—

13 (i) in subparagraph (A), by striking at  
14 the end “and”;

15 (ii) in subparagraph (B), by inserting  
16 after the semicolon “and”; and

17 (iii) by adding at the end the follow-  
18 ing:

19 “(C) with respect to the National Endow-  
20 ment for the Arts and the National Endowment  
21 for the Humanities, the term means the Chair-  
22 person of the National Endowment for the Arts  
23 with respect to matters relating to the National  
24 Endowment for the Arts and the Chairperson of  
25 the National Endowment for the Humanities  
26 with respect to matters relating to the Chair-

1 person of the National Endowment for the Hu-  
 2 manities;”;

3 (2) in subsection (c), by inserting before the pe-  
 4 riod the following: “, except that the Inspector Gen-  
 5 eral for the National Endowment for the Arts and  
 6 the National Endowment for the Humanities shall  
 7 be jointly appointed by the Chairperson of the Na-  
 8 tional Endowment for the Arts and the Chairperson  
 9 of the National Endowment for the Humanities”;  
 10 and

11 (3) in the first sentence of subsection (d), by in-  
 12 serting before the period the following: “, except as  
 13 provided in section 103 of the National Foundation  
 14 on the Arts and the Humanities Act of 1965”.

## 15 **TITLE II—ARTS AND ARTIFACTS** 16 **INDEMNITY ACT**

### 17 **SEC. 201. ARTS AND ARTIFACTS.**

18 The Arts and Artifacts Indemnity Act (20 U.S.C. 971  
 19 et seq.) is amended to read as follows:

#### 20 **“SECTION 1. SHORT TITLE.**

21 “This Act may be cited as the ‘Arts and Artifacts  
 22 Indemnity Act’.

1 **“SEC. 2. INDEMNITY FOR EXHIBITIONS OF ARTS AND ARTI-**  
2 **FACTS.**

3 “The Federal Council on the Arts and Humanities  
4 (referred to in this Act as the ‘Council’) established under  
5 section 8, may enter into agreements to indemnify against  
6 loss or damage such items as may be eligible for such in-  
7 demnity agreements under section 3—

8 “(1) in accordance with the provisions of this  
9 Act; and

10 “(2) on such terms and conditions as the Coun-  
11 cil shall prescribe, by regulation, in order to achieve  
12 the objectives of this Act and, consistent with such  
13 objectives, to protect the financial interest of the  
14 United States.

15 **“SEC. 3. ELIGIBLE ITEMS.**

16 “(a) TYPES OF ITEMS.—The Council may enter into  
17 an indemnity agreement under section 2 with respect to  
18 items—

19 “(1) that are—

20 “(A) works of art, including tapestries,  
21 paintings, sculpture, folk art, and graphics and  
22 craft arts;

23 “(B) manuscripts, rare documents, books,  
24 or other printed or published materials;

25 “(C) other artifacts or objects; or

1           “(D) photographs, motion pictures, or  
2           audio and video tape;

3           “(2) that are of educational, cultural, historical,  
4           or scientific value; and

5           “(3) the exhibition of which is certified (where  
6           appropriate) by the Secretary of State or the des-  
7           ignee of the Secretary of State as being in the na-  
8           tional interest.

9           “(b) ITEMS ON EXHIBITION.—

10           “(1) SCOPE.—An indemnity agreement made  
11           under this Act shall cover eligible items while on ex-  
12           hibition, generally when the items are part of an ex-  
13           change of exhibitions. An item described in sub-  
14           section (a) that is part of an exhibition that origi-  
15           nates either in the United States or outside the  
16           United States and that is touring the United States  
17           shall be considered to be an eligible item.

18           “(2) DEFINITION.—For purposes of this sub-  
19           section, the term ‘on exhibition’ includes the period  
20           of time beginning on the date the eligible items leave  
21           the premises of the lender or place designated by the  
22           lender and ending on the date such items are re-  
23           turned to the premises of the lender or place des-  
24           ignated by the lender.

1   **“SEC. 4. APPLICATIONS.**

2           “(a) IN GENERAL.—Any person, nonprofit agency,  
3 institution, or government desiring to enter into an indem-  
4 nity agreement for eligible items under this Act shall sub-  
5 mit an application to the Council at such time, in such  
6 manner and in accordance with such procedures, as the  
7 Council shall, by regulation, prescribe.

8           “(b) CONTENTS.—An application submitted under  
9 subsection (a) shall—

10               “(1) describe each item to be covered by the  
11 agreement (including an estimated value of such  
12 item);

13               “(2) show evidence that the item is an item de-  
14 scribed in section 3(a); and

15               “(3) set forth policies, procedures, techniques,  
16 and methods with respect to preparation for, and  
17 conduct of, exhibition of the item, and any transpor-  
18 tation related to such item.

19           “(c) APPROVAL.—On receipt of an application under  
20 this section, the Council shall review the application as  
21 described in section 5 and, if the Council agrees with the  
22 estimated value described in the application and if such  
23 application conforms with the requirements of this Act,  
24 approve the application and enter into an indemnity agree-  
25 ment with the applicant under section 2. On such ap-  
26 proval, the agreement shall constitute a contract between



1 the Council and the applicant pledging the full faith and  
2 credit of the United States to pay any amount for which  
3 the Council becomes liable under such agreement. The  
4 Council, for such purpose, is authorized to pledge the full  
5 faith and credit of the United States.

6 **“SEC. 5. INDEMNITY AGREEMENT.**

7       “(a) REVIEW.—On receipt of an application meeting  
8 the requirements of subsections (a) and (b) of section 4,  
9 the Council shall review the estimated value of the items  
10 for which coverage by an indemnity agreement is sought.  
11 If the Council agrees with such estimated value, for the  
12 purposes of this Act, the Council shall, after approval of  
13 the application as provided for in subsection (c) of section  
14 4, make an indemnity agreement.

15       “(b) AGGREGATE AMOUNT OF LOSS OR DAMAGE.—  
16 The aggregate amount of loss or damage covered by in-  
17 demnity agreements made under this Act shall not exceed  
18 \$3,000,000,000, at any one time.

19       “(c) INDIVIDUAL AMOUNT OF LOSS OR DAMAGE.—  
20 No indemnity agreement for a single exhibition shall cover  
21 loss or damage in excess of \$300,000,000.

22       “(d) EXTENT OF COVERAGE.—If the estimated value  
23 of the items covered by an indemnity agreement for a sin-  
24 gle exhibition is—

1           “(1) \$2,000,000 or less, then coverage under  
2       this Act shall extend only to loss or damage in ex-  
3       cess of the first \$15,000 of loss or damage to the  
4       items covered;

5           “(2) more than \$2,000,000 but less than  
6       \$10,000,000, then coverage under this Act shall ex-  
7       tend only to loss or damage in excess of the first  
8       \$25,000 of loss or damage to the items covered;

9           “(3) not less than \$10,000,000 but less than  
10      \$125,000,000, then coverage under this Act shall ex-  
11      tend only to loss or damage in excess of the first  
12      \$50,000 of loss or damage to the items covered;

13          “(4) not less than \$125,000,000 but less than  
14      \$200,000,000, then coverage under this Act shall ex-  
15      tend only to loss or damage in excess of the first  
16      \$100,000 of loss or damage to the items covered; or

17          “(5) \$200,000,000 or more, then coverage  
18      under this Act shall extend only to loss or damage  
19      in excess of the first \$200,000 of loss or damage to  
20      the items covered.

21   **“SEC. 6. REGULATIONS AND CERTIFICATION.**

22          “(a) REGULATIONS.—The Council shall prescribe  
23      regulations providing for prompt adjustment of valid  
24      claims for loss or damage to items that are covered by  
25      an agreement entered into pursuant to section 2, including

1 provision for arbitration of issues relating to the dollar  
 2 value of damages involving less than total loss or destruc-  
 3 tion of such covered items.

4 “(b) CERTIFICATION.—In the case of a claim of loss  
 5 or damage with respect to an item that is covered by an  
 6 agreement entered into pursuant to section 2, the Council  
 7 shall certify the validity of the claim and the amount of  
 8 the loss to the Speaker of the House of Representatives  
 9 and the President pro tempore of the Senate.

10 **“SEC. 7. REPORT.**

11 “The Council shall prepare, and submit at the end  
 12 of each fiscal year to the appropriate committees of Con-  
 13 gress, a report containing information on—

14 “(1) all claims paid pursuant to this Act during  
 15 such year;

16 “(2) pending claims against the Council under  
 17 this Act as of the end of such year; and

18 “(3) the aggregate face value of contracts en-  
 19 tered into by the Council that are outstanding at the  
 20 end of such year.

21 **“SEC. 8. ESTABLISHMENT OF THE FEDERAL COUNCIL ON**  
 22 **THE ARTS AND THE HUMANITIES.**

23 “(a) ESTABLISHMENT.—

24 “(1) IN GENERAL.—There is established a Fed-  
 25 eral Council on the Arts and the Humanities.

1           “(2) STATUS AS AN AGENCY.—For the purposes  
2 of this Act, the Council shall be an agency within  
3 the meaning of the appropriate definitions of such  
4 term in title 5, United States Code.

5           “(b) MEMBERSHIP.—

6           “(1) IN GENERAL.—The Council shall be com-  
7 posed of the Chairperson of the National Endow-  
8 ment for the Arts, the Chairperson of the National  
9 Endowment for the Humanities, the Director of the  
10 Institute of Museum and Library Services, the Sec-  
11 retary of Education, the Secretary of the Smithso-  
12 nian Institution, the Director of the National  
13 Science Foundation, the Librarian of Congress, the  
14 Director of the National Gallery of Art, the Chair-  
15 man of the Commission of Fine Arts, the Archivist  
16 of the United States, the Commissioner, Public  
17 Buildings Service, General Services Administration,  
18 the Assistant Secretary for Aging, a member des-  
19 ignated by the Secretary of State, and a member  
20 designated by the Secretary of the Interior, a mem-  
21 ber designated by the Chairman of the Senate Com-  
22 mission on Art and Antiquities, and a member des-  
23 ignated by the Speaker of the House of Representa-  
24 tives.

1           “(2) DESIGNATION OF PRESIDING OFFICER.—

2           The President shall designate the presiding officer of  
3           the Council from among the members.

4           “(3) AUTHORITY TO CHANGE THE MEMBER-

5           SHIP.—The President is authorized to change the

6           membership of the Council as the President deems

7           necessary to meet changes in Federal programs or

8           executive branch organization.

9           “(c) FUNCTIONS.—

10           “(1) IN GENERAL.—Except as provided in para-

11           graph (2), the Council shall—

12           “(A) carry out the functions of the Council

13           described in sections 1 through 7;

14           “(B) promote coordination between the

15           programs and activities of the National Foun-

16           dation on the Arts and Humanities and related

17           programs and activities of other Federal agen-

18           cies; and

19           “(C) encourage an ongoing dialogue in

20           support of the arts and the humanities among

21           Federal agencies.

22           “(2) RESTRICTIONS.—The following members

23           of the Council shall not carry out the functions de-

24           scribed in paragraph (1)(A):

1           “(A) The Secretary of the Smithsonian In-  
2           stitution.

3           “(B) The Director of the National Gallery  
4           of Art.

5           “(C) The member of the Council des-  
6           ignated by the Chairman of the Senate Com-  
7           mission on Art and Antiquities.

8           “(D) The member of the Council des-  
9           ignated by the Speaker of the House of Rep-  
10          resentatives.

11          “(3) LIMITATION ON USE OF EMPLOYEES.—No  
12          employee (other than a member of the Council) of  
13          the Council may carry out the activities described in  
14          subparagraphs (B) and (C) of paragraph (1).

15   **“SEC. 9. AUTHORIZATION OF APPROPRIATIONS.**

16          “There are authorized to be appropriated such sums  
17   as may be necessary—

18           “(1) to enable the Council to carry out the  
19          functions (except the functions described in subpara-  
20          graphs (B) and (C) of section 8(c)(1)) of the Coun-  
21          cil under this Act; and

22           “(2) to pay claims certified pursuant to section  
23          6(b).”.

○